

Adopt Section 63-034 to read:

63-034 IMPLEMENTATION OF QUARTERLY REPORTING AND 63-034
PROSPECTIVE BUDGETING (QR/PB)

- .1 Sections 63-102, 63-103, 63-300, 63-301, 63-410, 63-501, 63-503, 63-504, 63-505, 63-508, 63-509, 63-801, and 63-804 shall become effective upon filing with the Secretary of State.
- .2 Monthly Reporting/Retrospective Budgeting (MR/RB) subsections shall become inoperative and Quarterly Reporting/Prospective Budgeting (QR/PB) subsections shall become operative in a County Welfare Department (CWD) on the date QR/PB becomes effective in that county, pursuant to the California Department of Social Services (CDSS) Director's QR/PB Declaration. The Director's Declaration states that the necessary federal Food Stamp Program waivers have been granted, and specifies a staggered implementation schedule for counties.
- .3 The provisions in Sections 63-102, 63-103, 63-300, 63-301, 63-410, 63-501, 63-503, 63-504, 63-505, 63-508, 63-509, 63-801, and 63-804 must be applied to all food stamp households no later than July 1, 2004, with the exception of existing nonmonthly reporting (change reporting) households in the Food Stamp Program, outlined in Manual of Policies and Procedures (MPP) Section 63-505.21. Nonmonthly food stamp households will continue to follow existing nonmonthly reporting rules (change reporting) and will not be mandated to submit quarterly reports.
- .4 Sections 18910, 11265.1, .2, and .3, Welfare and Institutions Code as amended by Assembly Bill (AB) 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003), directed CDSS to implement provisions of the statutes for the amended and adopted regulations initially through an All-County Letter (ACL), followed by emergency regulations. CDSS authorized CWDs to implement QR/PB through ACL 03-18 dated April 29, 2003.

Authority Cited: Sections 10554, 11265.1, .2, .3, 18904, and 18910, Welfare and Institutions Code as amended by AB 444 (Chapter 1022, Statutes of 2002) and AB 1402 (Chapter 398, Statutes of 2003).

Reference: Sections 10554 and 18904, Welfare and Institutions Code and Food and Nutrition Service (FNS) Quarterly Reporting/Prospective Budgeting waiver approval dated April 1, 2003.

1. Amend Section 63-102 to read:
2. Post-Hearing: Amend Section 63-102 to read:
3. 15-Day Renotice: Amend Section 63-102 to read:

63-102 DEFINITIONS (Continued)

63-102

- (b) Section 63-102(b)(1)(MR) shall become inoperative and Section 63-102(b)(1)(QR) shall become operative in that county, pursuant to the Director's QR/PB Declaration.

(MR) (1) "Beginning Months" in a retrospective budgeting system means the first month the household is certified for food stamps and the month thereafter. For households applying for food stamps and PA benefits at the same time, a third beginning month shall be assigned if necessary for the household to transition from prospective to retrospective budgeting during the same months for both food stamps and PA. The first beginning month cannot be any month which immediately follows a month in which a household is certified and subject to retrospective budgeting in any project area. The month following the month of suspension shall not be considered a beginning month.

(2) "Budget Month" in a retrospective budgeting system means the month from which income and other circumstances (except household composition) of the household are used to calculate the household's allotment for the corresponding issuance month.

(3) "Bulk storage point" means a location which receives and stores coupons from FNS for two or more CWDs and transfers them to issuance agents. It must report coupon inventories on the FNS-250. Coupons are not issued to recipients from bulk storage points.

(QR) (1) "Bulk storage point" means a location which receives and stores coupons from FNS for two or more CWDs and transfers them to issuance agents. It must report coupon inventories on the FNS-250. Coupons are not issued to recipients from bulk storage points.

(c) (1) (Continued)

(11) Section 63-102(c)(11)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) "Change Reporting Household" means a household consisting of seasonal and/or migrant farmworkers, all elderly or disabled individuals or households with all homeless individuals. These households are required to report income, resource and household circumstance changes within 10 days of the occurrence. Benefits are increased or decreased based on these reported changes.

(12) Section 63-102(c)(12)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) "Conversion Factor" means a figure used to convert income paid on a weekly or bi-weekly basis to a monthly averaged figure. Weekly amounts are multiplied by 4.33 and bi-weekly amounts by 2.167.

(13) Section 63-102(c)(13)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) "County Initiated Mid-Quarter Actions" means the changes in eligibility status based on case information that the CWD is required to act on mid-quarter such as sanctions, financial penalties, duplication approval of benefits in another household, or the end of an inter-county transfer, ~~known to county information like electronic wage matches, or changes in public assistance grants~~ cost-of-living changes. (Continued)

(14) (Continued)

(15) (Continued)

(e) (5) Section 63-102(e)(5)(MR) shall become inoperative and Section 63-102(e)(5)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) "Extended Filing Date" in a monthly reporting system is by close of business on the first working day of the issuance month and is the final date by which the household must submit a complete CA 7, including all required verification without penalty of termination of eligibility or disallowance of deductions.

(QR) "Extended Filing Date" in a QR system is by close of business on the first working day of the new QR quarter and is the final date by which the household must submit a complete Quarterly Report (QR 7), including all required verification, without penalty of termination of eligibility or disallowance of deductions.

(6) (Continued)

- (i) (6) Section 63-102(i)(6)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) "Income Reporting Threshold (IRT)" means the level of income that triggers the need for a CalWORKs Assistance Unit (AU) to make a mandatory mid-quarter report of a change in income. The IRT is the greater of 130 percent of the Federal Poverty Level (FPL) or the level at which an AU become financially ineligible in the CalWORKs program.

(7) (Continued)

(8) (Continued)

(9) (Continued)

- (10) Section 63-102(i)(10)(MR) shall become inoperative and Section 63-102(i)(10)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) "Issuance Month" in a monthly reporting and retrospective budgeting system means the month for which a food stamp allotment is issued. The allotment is based on income and circumstances in the corresponding budget month. In PB, the budget month and issuance month are the same. In retrospective budgeting, the issuance month is the second month after the budget month.

(QR) "Issuance Month" in a QR/PB system means any month during a quarter for which a food stamp allotment is issued.

(11) (Continued)

(12) (Continued)

- (m) (1) (Continued)

- (7) Section 63-102(m)(7)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) "Mid-Quarter Change" means any change reported during the QR Payment Quarter that is outside the QR 7 report process. There are two types of mid-quarter reports: (1) mandatory reports are reports households are required to make within 10 days of the occurrence, and (2) voluntary reports are reports that households may make to the CWD during the quarter if the household wants benefits increased mid-quarter. CWDs shall only take action to change benefits based on voluntary mid-quarter reports when benefits increase as a result of the reported change. No action based on a voluntary mid-quarter report shall be taken to decrease benefits.

(8) (Continued)

(9) (Continued)

(10) (Continued)

(q) Sections 63-102(q)(1) through (5) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(1) "QR Implementation Month" means the month in which all of a CWD's cases are converted to PB subject to the Director's Declaration.

(2) "QR Data Month" means the second month of the quarter for which the recipient reports all information necessary to determine eligibility.

(3) "QR/PB" means Quarterly Reporting/Prospective Budgeting.

(4) "QR Payment Quarter" means the quarter in which benefits are paid/issued. The QR payment quarter begins the first day immediately following the QR Submit Month.

(5) "QR Submit Month" means the month in which the QR 7 is required to be submitted to the CWD. The QR Submit Month is the third month of each quarter.

(r) (1) Section 63-102(r)(1)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) "Reasonably Anticipated Income and Expenses" means income and expenses that have been or will be approved or authorized as of a date within the upcoming QR Payment Quarter and the amount of income is known, or the household is otherwise reasonably certain that the income will be received within the quarter and the amount of income is known. (See Sections 63-509(a)(2) and (3).)

(2) (Continued)

(3) (Continued)

(4) (Continued)

(5) (Continued)

(6) (Continued)

(7) Section 63-102(r)(7)(MR) shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR)"Report Month" means the month in a monthly reporting and retrospective budgeting system during which the CA 7 from the budget month is due and the month during which the household's allotment for the issuance month is calculated. The report month is between the budget month and the issuance month.

(8) (Continued)

(9) (Continued)

(10) (Continued)

(11) Section 63-102(r)(11)(MR) shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR)"Retrospective Budgeting" means the computation of a household's food stamp allotment for an issuance month based on actual income and circumstances which existed in the budget month.

(12) (Continued)

(s) (Continued)

(t) (1) (Continued)

(2) Section 63-102(t)(2)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) “Third-Party Information” means information that is not known to the county, and is a report from an outside source about a household’s circumstances.

(23) (Continued)

(34) (Continued)

(45) (Continued)

(56) (Continued)

Authority Cited: Sections 10553, 10554, 11265.1, .2 and .3, 18904, and 18910, Welfare and Institutions Code.

Reference: Sections 10554, 10830, 11486.5 and 18930 through 18934, Welfare and Institutions Code; 8 U.S.C.A. Section 1522(e); 42 U.S.C.A. 601, et seq.; and 42 U.S.C.A. 5122; 7 CFR 272, 7 CFR 272.4(f); 7 CFR 273, 7 CFR 273.1(c)(5); 7 CFR 271.2; 7 CFR 273.2, .2(j), (j)(4), and (v)(2)(i)(B); 7 CFR 273.4(a)(3)(ii) and (iv), .4(c), (c)(2), and (e)(3)(iv); 7 CFR 273.5(a); 7 CFR 273.8; 7 CFR 273.9(c)(1)(ii)(D); and (c)(11)(i) and (ii); 7 CFR 273.11(a)(2)(iii); 7 CFR 273.12(e); 7 CFR 273.16(c); 7 CFR 273.18(a)(1)(ii); 7 CFR 273.18(e)(3)(v), (e)(5)(v) and (n)(1)(i); 7 CFR 273.21(b); 7 CFR 274.3(a)(2); 7 CFR 2710.2; 45 CFR 401; 45 CFR 400.62; Public Law (P.L.) 100-77, Section 802; Section 70 of Assembly Bill (AB) 444, Chapter 1022, Statutes of 2002; AB 692, (Chapter 1024, Statutes of 2002); (Court Order re Final Partial Settlement Agreement in Jones v. Yeutter (C.D. Cal. Feb. 1, 1990) [Dock. No. CV-89-0768]); Section 66011, Education Code; P.L. 102-237, Section 902; 7 U.S.C. 2014(c)(2)(B) and (k)(2)(F); 7 U.S.C. 2022(b)(4); 8 U.S.C. 1631; U.S.D.A. Food and Nutrition Service Administrative Notices 94-39, 97-44, and 98-56; Hamilton v. Madigan (9th Cir. 1992) 961 F.2d 838; Food and Nutrition Service Quarterly Reporting/Prospective Budgeting waiver approval dated April 1, 2003; Food Stamp Act Section 6(k)(1); P.L. 104-193, Sections 272, 273, 805, 821, and 827 (Personal Responsibility and Work Opportunity Reconciliation Act of 1996); Federal Register Vol. 59, No. 224, dated November 22, 1994; and Federal Register Vol. 65, No. 130, dated July 6, 2000 and Vol. 65, No. 149 Corrections, dated August 2, 2000.

1. Amend Section 63-103 to read:
2. Post-Hearing: Amend Section 63-103 to read:
3. 15-Day Renote: Amend Section 63-103 to read:

63-103 DEFINITIONS -- FORMS (Continued)

63-103

.2 (Continued)

- c. (1) Section 63-103.2c.(1)(MR) shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) CA 7 (rev. 1/93) - Monthly Eligibility Report (Continued)

d. (Continued)

- (4) Section 63-103.2d.(4)(MR) shall become inoperative and Section 63-103.2d.(4)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) DFA 285-A3 (rev. 4/93) - Important Facts for Food Stamp Applicants (Continued)

(QR) DFA 285-A3 QR (rev. 12/03) - Your Right and Responsibilities.

The DFA 285-A3 QR is a required form, no substitutes permitted. The form is used to inform ~~QR food stamp applicants~~ households applying only for food stamp benefits of their rights and responsibilities and to certify that applicants understand those rights and responsibilities and the penalties for noncompliance. (Continued)

HANDBOOK BEGINS HERE

- (14) Section 63-103.2d.(14)(MR) shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) DFA 377.1 (rev. 3/02) - Notice of Approval (Continued)

- (16) Section 63-103.2d.(16)(MR) shall become inoperative and Section 63-103.2d.(16)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) DFA 377.2 (rev. 12/83) - Food Stamp Notice of Expiration of Certification (Continued)

(17) Section 63-103.2d.(17)(MR) shall become inoperative and Section 63-103.2d.(17)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) DFA 377.4 (rev. 12/83) - Food Stamp Notice of Change (Continued)

(QR) DFA 377.4 QR (rev. 1/04) - Food Stamp Notice of Change for Change Reporting Household

The DFA 377.4 QR is a required form, ~~and no~~ but substitutes are permitted if CWD obtains prior approval. The form is used to inform change reporting households of changes, and termination of benefits. ~~It also acts to inform a household that there is no change in benefits when a household has made a mid-quarter report.~~ (Continued)

HANDBOOK ENDS HERE

(18) Section 63-103.2d.(18)(MR) shall become inoperative and Section 63-103.2d.(18)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) DFA 377.5 (rev. 8/90) - Food Stamp Household Change Report (Continued)

(QR) DFA 377.5 (rev. 4/04) - Food Stamp Household Change Report

The DFA 377.5 is used to report information on changes in household circumstances by households not subject to QR requirements. (Continued)

f. (13) (Continued)

(14) Section 63-103.2f.(14)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) FS 22 (rev. ~~124/034~~) - Applying for Food Stamp Benefits

FS 22 QR is a required form, but substitutes are permitted if CWD obtains prior approval. The form is used to reflect the change to QR for most food stamp households. This form is used for all NAFS households.

- (15) Section 63-103.2f.(15)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) FS 23 QR (rev. 5/04) - How to Report Household Changes

FS 23 QR is a required form, but substitutes are permitted if CWD obtains prior approval. The FS 23 QR informs about reporting requirements for the Food Stamp Program, which include reporting changes on the QR 7, mandatory mid-quarter reports and voluntary mid-quarter reports. (Continued)

- n. (1) Section 63-103.2n.(1)(MR) shall become inoperative and Section 63-103.2n.(1)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) NA 960X (rev. 6/93) - Notice of Action/CA 7 not Received (Continued)

(QR) NA 960X QR (rev. 4/04) - Notice of Action/QR 7 not Received

The NA 960X QR is a CDSS-required form, but substitutes are permitted if CWD obtains prior approval. The form is used to notify QR households that a QR 7 has not been received and that benefits may be affected as result.

- (2) Section 63-103n.(2)(MR) shall become inoperative and Section 63-103n.(2)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) NA 960Y (rev. 8/93) - Notice of Action/CA 7 Incomplete-Discontinuance Reminder (Continued)

(QR) NA 960Y QR (rev. 4/04) - Notice of Action/QR 7 Incomplete-Discontinuance Reminder

The NA 960Y QR is a CDSS-required form, but substitutes are permitted if CWD obtains prior approval. The form is used to notify QR households that a QR 7 is incomplete and that benefits may be affected as a result. (Continued)

- q. (1) Sections 63-103.2q.(1)(QR) through (12)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

- (QR) (2) QR 2 (rev. 4/03) - Reporting Changes for Your Cash Aid Assistance Unit and Food Stamp Household

QR 2 is a CDSS-recommended form, and may be modified or substituted without prior approval. The form is used to inform the recipient of their income reporting threshold (IRT) and reporting responsibilities. The QR 2 is sent to the client on a quarterly basis and is used to satisfy the requirement in Welfare and Institutions Code Sections 11265 and 18910 to inform clients of their IRT at least once per quarter. The form also includes information for food stamp households regarding ABAWD reporting and mid-quarter reporting.

- (QR) (3) QR 3 (rev. 4/03) - Mid-Quarter Status Report

QR 3 is a CDSS-recommended form, and may be modified or substituted without prior approval. This form is used for CalWORKs ~~clients who~~ and Food Stamp Program households that choose to report mandatory and/or voluntary mid-quarter changes in writing. Clients are not mandated to use this form, and counties must accept verbal or written mid-quarter reports that are submitted in a manner other than on the QR 3.

- (QR) (4) QR 7 (rev. 4/03) - Quarterly Eligibility/Status Report

QR 7 is a CDSS-required form, but substitutes are permitted if CWD obtains prior approval. This form is used by the recipient household to report income for the Data Month ~~in each QR Payment Quarter~~ changes since the Data Month and expected changes over the next three months. This form includes an addendum listing examples of income, expenses, and the penalties for fraud. The QR 7 and the addendum (both together are considered one form) must be sent to the recipient at the end of their QR Data Month. The QR 7's certification section has a statement that the client has received the

addendum and a place where the recipient will attest to its receipt. The addendum is not required to be returned with the QR 7, which will be considered late if not received by the 11th day of the QR Submit Month.

(QR) (5) QR 7A (rev. 4/03) - How to fill out your QR 7

QR 7A is a CDSS-required form, but substitutes are permitted if CWD obtains prior approval. This form instructs recipients on how to fill out the QR 7. The QR 7A must be given to applicants at the time of application, and to recipients at each annual recertification/redetermination. This form must also be made available any time a client requests it.

(QR) (6) QR 22 (rev. 9/03) - Sponsor's Statement of Facts Income/Resources

The QR 22 is a required form, but substitutes are permitted if CWD obtains prior approval. It is used to collect necessary information about a noncitizen's sponsor in order to determine eligibility for the noncitizen.

(QR) (7) QR 72 (rev. 5/04) - Sponsor's Quarterly Income and Resources Report.

The QR 72 is a CDSS-required form, but substitutes are permitted if CWD obtains prior approval. This form must be sent to sponsored noncitizens with the QR 7 each quarter.

(QR) (8) QR 285-B (rev. 2/04) - Food Stamp Budget Worksheet.

The QR 285-B is a CDSS-recommended form, and may be modified or substituted without prior approval. This form is used to determine food stamp benefits amounts, and to reaverage benefit amounts after a mid-quarter report is made by a recipient. The QR 285-B is used for food stamp households subject to QR and change reporting, and for mid-quarter changes.

(QR) (9) QR 377.1 (rev. 4/04) - Notice of Approval

The QR 377.1 is a CDSS-required form, and no substitutes are permitted. This form is used to inform households of their approval for food stamp benefits and their certification period.

(QR) (10) QR 377.2 (rev. 4/04) - Food Stamp Notice of Expiration of Certification

The QR 377.2 is a CDSS-required form but substitutes are permitted. This form is used to inform change reporting households that their certification period will expire.

- (QR) (11) QR 377.4 (rev. 1/04) - Food Stamp Notice of Change For Quarterly Reporting Household

The QR 377.4 is a CDSS-required form, ~~and no~~ but substitutes are permitted if CWD obtains prior approval. This form is used to inform ~~QR change reporting~~ households of changes, ~~suspensions,~~ and termination of benefits.

- (QR) (12) ~~DFA QR~~ 377.5 ~~QR~~ (rev. 2/04) - Food Stamp Household ~~Change~~ Mid-Quarter Status Report

~~The DFA QR 377.5 is used to report information on changes in household circumstances by households not subject to QR requirements~~ a recommended form and is used to report mandatory and voluntary mid-quarter changes in a QR household. (Continued)

- s. (2) Section 63-103.2s.(2)(MR) shall become inoperative and Section 63-103.2s.(2)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

- (MR) SAWS 2A CA2/DFA 285-A2/MC210 (rev. 5/92) - Important Information for Applicants and Recipients for Cash Aid, Food Stamps, and Medical Assistance (Continued)

- (QR) SAWS 2A QR (rev. 8/03) - Rights, Responsibilities and Other Important Information

SAWS 2A QR is a CDSS-required form, and no substitutes are permitted. The form is used to inform applicants for cash aid, food stamps, and medical assistance of important information, including their rights and responsibilities. (Continued)

- t. (1) Section 63-102.2t.(1)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

- (QR) TEMP QR 1 (rev. 8/03) - New Reporting Requirements for CalWORKs and Food Stamp Recipients

TEMP QR 1 is a CDSS-required form, and no substitutes are permitted. The form serves as an informing notice sent to recipients on a monthly basis for a period of three months before, and three months after, implementation of QR. The TEMP QR 1 should also be provided to applicants who apply for benefits during this phase. The TEMP QR 1 explains the change from monthly reporting to QR. (Continued)

Authority Cited: Sections 10554, 11265.1, .2, and .3, 18904, and 18910, Welfare and Institutions Code.

Reference: Sections 10554, 18904, 11265.1, .2, and .3, and 18910, Welfare and Institutions Code; 7 CFR 273.2(b)(ii); U.S.D.A. Food and Consumer Services Administrative Notice No. 94-22, dated January 7, 1994; and Food and Nutrition Service Quarterly Reporting/Prospective Budgeting waiver approval dated April 1, 2003.

1. Amend Section 63-300 to read:
2. 15-Day Renotice: Amend Section 63-300 to read:

63-300 APPLICATION PROCESS (Continued)

63-300

.2 Application Form and Form Deviation

Section 63-300.2(MR) shall become inoperative and Section 63-300.2(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) All applications for Food Stamp Program eligibility shall be made on the DFA 285-A1, DFA 285-A2, and DFA 285-A3. For households which apply for both AFDC and Food Stamps at the same time, the SAWS 1 CA1/DFA 285-A1, and BC JA 2 CA2/DFA 285-A2, and SAWS 2A CA2/DFA 285-A2/MC 210 shall be used. These forms also may be used for Food Stamp only cases. These joint application forms also may be used for food stamp and/or General Assistance (GA) cases.

(QR) All applications for Food Stamp Program eligibility shall be made on the DFA 285-A1, DFA 285-A2, and DFA 285-A3 QR. For households which apply for both CalWORKs and food stamps at the same time, the SAWS 1 CA1/DFA 285-A1, and BC JA 2 CA2/DFA 285-A2, and SAWS 2A QR/DFA 285-A2/MC 210 shall be used. These joint application forms also may be used for food stamp only cases and/or General Assistance (GA) cases. (Continued)

.24 Section 63-300.24(MR) shall become inoperative and Section 63-300.24(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Recertification of Monthly Reporting Households

Households subject to Food Stamp monthly reporting requirements shall have their Food Stamp eligibility redetermined by using the forms specified in Section 63-300.2 and the CA 7 for the budget month that corresponds to the first month of the new certification period.

(QR) Recertification of Quarterly Reporting Households

(QR) Households subject to food stamp QR requirements shall have their food stamp eligibility redetermined by using the forms specified in Section 63-300.2 and the QR 7 for the Submit Data Month that of the quarter corresponding to the last month of the certification period.

.25 Section 63-300.25(MR) shall become inoperative and Section 63-300.25(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Recertification of Nonmonthly Reporting Households

(MR) Nonmonthly reporting households shall have their Food Stamp eligibility redetermined by using the forms specified in Section 63-300.2.

(QR) Recertification of Change Reporting Households

(QR) Change reporting households shall have their food stamp eligibility redetermined by using the forms specified in Section 63-300.2.
(Continued)

.4 (Continued)

.41 Sections 63-300.41 et seq.(MR) shall become inoperative and Sections 63-300.41 et seq.(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The CWD at the time of the interview, shall determine which households shall be subject to monthly reporting and/or retrospective budgeting, as specified in Section 63-505.2. Households subject to monthly reporting and/or retrospective budgeting requirements shall be provided with the following at the certification and recertification interviews:

(MR) .411 Written and verbal explanations of monthly reporting/retrospective budgeting;

(MR) .412 A copy of the CA 7 report and an explanation of how the report shall be completed and submitted;

(MR) .413 An explanation of the monthly reporting verification requirements that the household is responsible for meeting;

(MR) .414 A telephone number (toll-free or a number where collect calls will be accepted from households living outside the local calling area) which the household may call to ask questions or to obtain help in completing the monthly report.

(QR) The CWD at the time of the interview, shall determine which households shall be subject to QR and PB, as specified in Section 63-505.2. Households subject to QR and PB requirements shall be provided with the following at the certification and recertification interviews:

(QR) .411 Written and verbal explanations of QR/PB;

(QR) .412 A copy of the QR 7 report and an explanation of how the report shall be completed and submitted;

(QR) .413 An explanation of the QR verification requirements that the household is responsible for meeting;

(QR) .414 A telephone number (toll-free or a number where collect calls will be accepted from households living outside the local calling area) which the household may call to ask questions or to obtain help in completing the quarterly report. (Continued)

.5 (Continued)

(d) Section 63-300.5(d)(MR) shall become inoperative and Section 63-300.5(d)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) If the expense cannot be verified within 30 days of the date of application, the CWD shall determine the household's eligibility and benefit level without providing a deduction for the unverified expense. If the household subsequently provides the missing verification, the CWD shall redetermine the household's benefits, and provide increased benefits, if any, in accordance with the timeliness standards in Section 63-504.35 for monthly reporting households and Section 63-504.42 for nonmonthly reporting households.

The household shall be entitled to the restoration retroactive to the month of application of benefits denied as a result of the disallowance of the expense, only if the expense could not be verified within the 30-day processing standard because the CWD failed to allow the household sufficient time, as defined in Section 63-301.4, to verify the expense. If the household would be ineligible unless the expense is allowed, the household's application shall be handled as provided in Section 63-301.4.

For verification requirements for the CA 7, refer to Sections 63-504.325, .326 and .341.

- (QR) If the expense cannot be verified within 30 days of the date of application, the CWD shall determine the household's eligibility and benefit level without providing a deduction for the unverified expense. If the household subsequently provides the missing verification, the CWD shall redetermine the household's benefits, and provide increased benefits, if any, in accordance with the timeliness standards in Section 63-508.66 for QR households and Section 63-504.42 for change reporting households.

The household shall be entitled to the restoration retroactive to the month of application of benefits denied as a result of the disallowance of the expense, only if the expense could not be verified within the 30-day processing standard because the CWD failed to allow the household sufficient time, as defined in Section 63-301.4, to verify the expense. If the household would be ineligible unless the expense is allowed, the household's application shall be handled as provided in Section 63-301.4.

For verification requirements for the QR 7, refer to Sections 63-508.45 and 63-508.613. (Continued)

.6 (Continued)

.62 (Continued)

.623 Section 63-300.623(MR) shall become inoperative and Section 63-300.623(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) A CWD which receives monthly income reports and other requested documents which have been mailed by the applicant or recipient shall not be subject to the requirements in this section.

(QR) A CWD which receives quarterly income/eligibility reports and other requested documents which have been mailed by the applicant or recipient shall not be subject to the requirements in this section.

Authority Cited: Sections 10554, 11265.1, .2 and .3, 18904, and 18910, Welfare and Institutions Code.

Reference: Sections 10554, 11023.5, 11265.1, .2, and .3, 11348.5, 18904, 18910, and 18932, Welfare and Institutions Code; 7 Code of Federal Regulations (CFR) 273.2(b)(ii), (c)(2)(i) and (ii), (c)(3), (c)(5), (e)(1), (e)(2), (e)(3), (f)(1)(i)(C), (ii)(B)(1), (2), (3), and (C), and (iii)(h)(1)(i)(D), and proposed (f)(1)(xii) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994, (f)(3), (f)(3)(ii), (f)(8), (h), (h)(1)(i)(D), and (j)(1); 7 CFR 273.4(a)(2) and (10) and (c)(2); 7 CFR 273.7(i)(4) and (j)(1); 7 CFR 273.12(c) and (c)(3); 7 CFR 273.14(b)(3)(i), (iii) and (b)(4) and (e); 7 CFR 273.21(h)(2)(iv), (i), and (j)(3)(iii)(B); USDA Food and Nutrition Service Office, Western Region, Administrative Notice 84-56, Indexed Policy Memo 84-23; Food and Nutrition Service Quarterly Reporting/Prospective Budgeting waiver dated April 1, 2003; 7 U.S.C.A. 2020(e)(2); Americans with Disabilities Act (ADA), Public Law (P.L.) 101-336, 1990; U.S.D.A., Food and Consumer Services, Administrative Notice No. 94-22, dated January 7, 1994; Chapter 306, Statutes of 1988, and AB 1371, Chapter 306, Statutes of 1995; Blanco v. Anderson Court Order, United States District Court, Eastern District of California, No. CIV-S-93-859 WBS, JFM, dated January 3, 1995, and Federal Register, Vol. 66, No. 229, dated November 28, 2001.

Amend Section 63-301 to read:

63-301 APPLICATION PROCESSING TIME STANDARDS (Continued) 63-301

.5 Expedited Service (Continued)

.54 Special Procedures for Expediting Service

.544 (Continued)

(a) One-Month Certification

Section 63-301.544(a)(MR) shall become inoperative and Section 63-301.544(a)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Nonmonthly reporting households that apply on or before the 15th day of the calendar or fiscal month shall be certified for one month only. (Continued)

(QR) Change reporting households that apply on or before the 15th day of the calendar or fiscal month shall be certified for one month only.

(b) Longer Than One-Month Certification

(1) Section 63-301.544(b)(1)(MR) shall become inoperative and Section 63-301.544(b)(1)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Nonmonthly reporting households applying after the 15th day of the calendar or fiscal month shall be certified only for the month of application, and the subsequent month.

(QR) Change reporting households applying after the 15th day of the calendar or fiscal month shall be certified only for the month of application, and the subsequent month.

(2) Section 63-301.544(b)(2)(MR) shall become inoperative and Section 63-301.544(b)(2)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Monthly reporting households shall be assigned a normal certification period as specified in Section 63-504.1.

(QR) QR households shall be assigned a normal certification period as specified in Section 63-504.1.

.7 (Continued)

.71 Section 63-301.71(MR) shall become inoperative and Section 63-301.71(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Households subject to retrospective budgeting that have been suspended for PA purposes or that receive zero benefits.

(QR) Households subject to QR that receive zero benefits. (Continued)

.74 (Continued)

.742 Section 63-301.742(MR) shall become inoperative and Section 63-301.742(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The household fails to comply with the monthly reporting requirements specified in Section 63-504.32, and Sections 63-505.2, .3, and .4;

(QR) The household fails to comply with the QR requirements specified in Sections 63-508.4 and .613; (Continued)

.75 (Continued)

Authority Cited: Sections 10554, 11265.1, .2, and .3, 18904, and 18910, Welfare and Institutions Code.

Reference: Sections 10554, 11265.1, .2, and .3, 18901, 18904, and 18910, Welfare and Institutions Code; Section 11349.1, Government Code; 7 Code of Federal Regulations (CFR) 271.2; 7 CFR 272.3(c)(1)(ii); 7 CFR 273.2(d)(1), (e)(3), (h)(1)(C), (h)(1)(i)(B) and (D), (h)(2)(i)(A), (i)(4)(iii)(B), (j), (j)(1), (j)(1)(iv), (j)(2)(iii) and (iv), (j)(3), (j)(4), and (j)(4)(vi); 7 CFR 273.4; 7 CFR 273.7 and .7(g)(1)(i); 7 CFR 273.8(e)(17); 7 CFR 273.9(d)(7) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994; 7 CFR 273.10(c)(1) and (g)(1)(ii); 7 CFR 274.2; (Court Order re Final Partial Settlement Agreement in Jones v. Yeutter (C.D. Cal. Feb. 1, 1990) [Dock. No. CV-89-0768].); Public Law (P.L.) 102-237, Sections 902 and 905, as specified in Federal Administrative Notice 92-12, dated January 9, 1992; USDA, Food and Consumer Service, Administrative Notice 97-105, dated August 21, 1997; and P.L. 104-193, Sections 815 and 838 (Personal Responsibility and Work Opportunity Reconciliation Act of 1996); Food and Consumer Service Waiver dated May 24, 1996; Food and Nutrition Service Quarterly Reporting/Prospective Budgeting waiver dated April 1, 2003; Federal Food Stamp Policy Memos 82-9 dated December 8, 1981, and 88-4 dated November 13, 1987, and Federal Register, Vol. 66, No. 229, dated November 28, 2001.

1. Amend Section 63-410 to read:
2. Post-Hearing: Amend Section 63-410 to read:

63-410 FOOD STAMP WORK REQUIREMENT FOR ABLE-BODIED 63-410
ADULTS WITHOUT DEPENDENTS (ABAWD) (Continued)

.2 (Continued)

.21 The ABAWD work requirement is fulfilled by performing one of the following:

.211 Working 20 hours or more per week (averaged monthly);

- (a) The food stamp recipient shall submit documentation verifying the number of hours worked.

Section 63-410.211(a)(1)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

- (QR) (1) A food stamp recipient who is satisfying the ABAWD work requirement through employment must report within 10 days when hours of work drop to below 20 hours per week or 80 hours per month. This mandatory recipient mid-quarter reporting requirement does not apply to persons who meet one of the exemptions at Section 63-410.3 or live in a county with an approved ABAWD waiver. Persons who are satisfying the ABAWD work requirement through a combination of education/training and employment of less than 20 hours per week are not subject to the mid-quarter requirement when hours of employment are reduced. (Continued)

.3 (Continued)

.36 (Continued)

Section 63-410.37(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) .37 Ending Exemptions for Quarterly Reporting and Change Reporting Households

- (QR) .371 For a quarterly reporting household, if an ABAWD's exemption stops mid-quarter due to a change in circumstances that must be reported as specified in MPP Section 63-505.3, the ABAWD shall report the change on the next quarterly report and be considered exempt for the remainder of the quarter.
- (QR) .372 For a change reporting household, if an ABAWD is no longer eligible for an exemption due to a change that must be reported in accordance with MPP Section 63-505.5, the individual shall report the change within ten days of occurrence and the exemption shall stop when the change is reported.
- (QR) .373 For an individual who no longer meets ABAWD exemption criteria as the result of a change not subject to QR or change reporting requirements, the individual's exemption status shall be reevaluated at recertification.
- .4 (Continued)
- .6 Section 63-410.6(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
- (QR) Treatment of ABAWD Months for Quarterly Reporting
- (QR) .61 A county shall take a county-initiated mid-quarter action to discontinue a case whenever an ABAWD uses up three out of 36 months. A county-initiated action shall also be taken when an ABAWD's three consecutive-month period identified in Section 63-410.52 is completed and to an ABAWD who has regained eligibility and subsequently stops meeting the work requirement.

Authority Cited: Sections 10553, 10554, 11265.1, .2, and .3, 18904, and 18910, Welfare and Institutions Code.

Reference: Sections 10554, 11265.1, .2, and .3, 18904, and 18910, Welfare and Institutions Code; 7 U.S.C. 2015(d) and (o); instructions received from Dennis Stewart, Regional Director of the Food Stamp Program, Food and Nutrition Service (FNS) dated April 21, 1998, 7 CFR 273.7(f); 7 CFR 273.13; 7 CFR 273.24(b), (c), (e), and (g); 45 CFR 400.154; and Food and Nutrition Service Quarterly Reporting/Prospective Budgeting waiver dated April 1, 2003.

.3 (Continued)

(m) (Continued)

(2) Section 63-501.3(m)(2)(MR) shall become inoperative and Section 63-501.3(m)(2)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Any federal, state or local EITC payment received by any household member shall be excluded for 12 months, provided the household was participating in the Food Stamp Program at the time of receipt of the earned income tax credit and provided the household participates continuously during that 12-month period. Continuous participation includes breaks in participation of one month or less due to administrative reasons, such as delayed recertifications or missing or late CA 7s.

(QR) Any federal, state or local EITC payment received by any household member shall be excluded for 12 months, provided the household was participating in the Food Stamp Program at the time of receipt of the earned income tax credit and provided the household participates continuously during that 12-month period. Continuous participation includes breaks in participation of one month or less due to administrative reasons, such as delayed recertifications or missing or late QR 7s. (Continued)

Authority Cited: Sections 10553, 10554, 11209, 11265.1, .2, and .3, 18904, and 18910, Welfare and Institutions Code.

Reference: Sections 10554, 11265.1, .2, and .3, 18901, 18904, and 18910, Welfare and Institutions Code; 7 Code of Federal Regulations (CFR) 272.8(e)(17); 7 CFR 273.2(j)(4); 7 CFR 273.8; 7 CFR 273.8(e)(11), (12)(ii), and (18); 7 CFR 273.8(f) and (h); Public Law (P.L.) 100-50, Sections 22(e)(4) and 14(27), enacted June 3, 1987; P.L. 101-201; P.L. 101-426, Section 6(h)(2), as specified in United States Department of Agriculture (U.S.D.A.), Food and Nutrition Service (FNS), Administrative Notice (AN) 91-37; P.L. 101-508, Section 11111(b); P.L. 101-624, Section 1715; P.L. 102-237, Section 905, as specified in

Federal Administrative Notice 92-12, dated January 9, 1992; Section 2466d., Title 20, United States Code (U.S.C.); 7 U.S.C. 2014(d) and (g)(2)(D); 26 U.S.C. 32(j)(5); 42 U.S.C.A. 5122 as amended by P.L. 100-707, Section 105(i); U.S.D.A., FNS, ANs 91-30 and 94-39; Index Policy Memo 90-22, dated July 12, 1990; U.S.D.A., FNS, AN 94-58, dated July 5, 1994; P.L. 104-193, Sections 810 and 827 (Personal Responsibility and Work Opportunity Reconciliation Act of 1996); and Food and Nutrition Service Quarterly Reporting/Prospective Budgeting waiver approval dated April 1, 2003.

1. Amend Section 63-503 to read:
2. Post Hearing: Amend Section 63-503 to read:
3. 15-Day Renote: Amend Section 63-503 to read:

63-503 DETERMINING HOUSEHOLD ELIGIBILITY
AND BENEFIT LEVELS

63-503

.1 Month of Application (Continued)

.14 Section 63-503.14(MR) shall become inoperative and Section 63-501.14(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Because of reported, estimated or anticipated changes, a household may be eligible for the month of application, but ineligible in the subsequent month. The household shall be entitled to benefits for the month of application even if the processing of its application results in the benefits being issued in the subsequent month. (See Sections 63-504.1 for certification periods and Section 63-504.2 for notice requirements.) Similarly, a household may be ineligible for the month of application, but eligible in the subsequent month due to reported, estimated or anticipated changes in circumstances. Even though denied for the month of application, the household does not have to reapply in the subsequent month. The same application shall be used for the denial for the month of application, and for the determination of eligibility for subsequent months, within the timeliness standards in Section 63-301.1.

(QR) Determination of benefits in a change reporting household, based on reported, estimated or anticipated changes, may result in a household being eligible for the month of application, but ineligible in the subsequent month. The household shall be entitled to benefits for the month of application even if the processing of its application results in the benefits being issued in the subsequent month. (See Sections 63-504.1 for certification periods and Section 63-504.2 for notice requirements.) Similarly, a household may be ineligible for the month of application, but eligible in the subsequent month due to reported, estimated or anticipated changes in circumstances. Even though denied for the month of application, the household does not have to reapply in the subsequent month. The same application shall be used for the denial for the month of application, and for the determination of eligibility for subsequent months, within the timeliness standards in Section 63-301.1.

- .141 Section 63-503.141(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
- (QR) Determination of benefits in a QR/PB household is also based upon reported, estimated and/or anticipated income over the QR Payment Quarter. The household shall be entitled to benefits if otherwise eligible in accordance with Sections 63-508 and 63-509.
- .15 Section 63-503.15(MR) shall become inoperative and Section 63-501.15(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
- (MR) As a result of reported, estimated or anticipated changes, the household's allotment for the month of application may differ from its allotment in subsequent months. The household's allotment shall vary from month to month to reflect actual changes reported during the certification period or those changes anticipated at the time of certification unless the averaging techniques in Sections 63-504.411(b), .242(c) or .252 are used. The CWD shall establish the household's certification period in accordance with Section 63-504.1.
- (QR) As a result of reported, estimated or anticipated changes in a change reporting household, the household's allotment for the month of application may differ from its allotment in subsequent months. The household's allotment shall vary from month to month to reflect actual changes reported during the certification period or those changes anticipated at the time of certification unless the averaging techniques in Sections 63-504..242(c), .252 or .411(b) are used. The CWD shall establish the household's certification period in accordance with Section 63-504.1.
- .151 Section 63-503.151(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
- (QR) As a result of reported,~~estimated~~ or anticipated changes in a QR household, the household's allotment for the month of application may differ from its allotment in subsequent months. The household's allotment may vary ~~from month to month~~ within the quarter to reflect changes reported during the QR Payment Quarter ~~or those changes anticipated at the time of certification unless~~. ~~†~~The averaging techniques in Sections 63-509(a)(4), (a)(5) and (a)(6) are used to determine income in a quarter. The CWD shall establish the household's certification period in accordance with

Section 63-504.1. ~~The CWD may match certification periods with QR reporting cycles.~~ (Continued)

.2 Determining Resources, Income and Deductions

Sections 63-503.21 et seq.(MR) shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) .21 Prospective Budgeting in the Beginning Months for Households Who Shall be Subject to Retrospective Budgeting (Continued)

(MR) .211 Determining Resources

(MR) Except for households determined to be categorically eligible as specified in Sections 63-301.7 and .82, the household's resources at the time of the interview shall be used to determine the household's eligibility, in accordance with Sections 63-501 and 63-409.12.

(MR) .212 Determining Income

(MR) The CWD shall determine food stamp eligibility according to the household's gross and/or net income as specified in Section 63-503.32. The CWD, in determining the household's eligibility, shall determine what sources are exempt from consideration as income per Section 63-502.14 and Section 63-502.2. If an applicant household is destitute, as defined in Section 63-503.43, the CWD shall compute its gross income in accordance with Section 63-503.434.

(MR) (a) Actual Income

(MR) For purposes of determining the household's eligibility and level of benefits during the beginning months, the CWD shall take into account the actual income already received by the household during the month of application and any anticipated income the CWD and the household are reasonably certain will be received during the remaining beginning months. Income shall not be counted if its receipt is uncertain. If the exact amount of anticipated income is uncertain only that portion which can be anticipated with reasonable certainty shall be counted as income. In cases where the receipt of income is reasonably certain but the monthly amount may fluctuate, the household may elect to income average, as provided in Section 63-503.212(b).

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(MR) (1) The following are examples of how to determine anticipated income:

(MR) (A) The anticipated receipt of an initial PA/GA payment is counted in determining eligibility only if the PA/GA payment has been approved and authorized and will be issued within the month.

(MR) (B) The anticipated receipt of earned income, such as income from a new job, will only be counted if it can be determined with reasonable certainty that a specific amount of earnings will be received within the month, e.g., the person is currently employed or will be employed during the month and the pay day(s) is within the month.

(MR) (C) The anticipated receipt of other income, such as unemployment insurance benefits, will only be counted if it can be verified that benefits will be received within the month, e.g., award letter indicates the payment amount and that it can be expected by or on a specified date and that date falls within the month.

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(MR) (b) Averaging Income

Households subject to retrospective budgeting shall not have their income averaged, even if their income fluctuates from month to month, except as provided below:

(MR) (1) Self-employment income received less often than monthly. Households which derive their annual income in a period of time shorter than one year shall have that income averaged over a 12-month period.

- (MR) (2) Nonexcluded scholarship, deferred educational loan, and educational grant income received by households less often than monthly. Such income, after exclusions, shall be averaged over the period it is intended to cover and shall not be prospectively counted in the beginning months for retrospectively budgeted households.
 - (MR) (3) Contract income received by households which derive their annual income in a period of time shorter than one year. Such income shall be averaged over the period it is intended to cover, provided the income from the contract is not earned on an hourly or piece-work basis. Such income shall not be prospectively counted in the beginning months for retrospectively budgeted households.
- (MR) (c) Income Only in the Month Received
- (MR) (1) Income anticipated during the beginning months shall be counted as income only in the month it is expected to be received, unless the income is averaged. Whenever a full month's income is anticipated but is received on a weekly or biweekly basis, the CWD shall use the exact monthly amount whenever possible. If the exact amount is not available, the CWD shall use the amount which is reasonably certain to be received in accordance with Section 63-503.212(a).
 - (MR) (2) Wages held at the request of the employee shall be considered income to the household in the month the wages would otherwise have been paid by the employer. Wages held by the employer, as a general practice, even if in violation of the law, shall not be counted as income to the household. If the household anticipates that it will ask for and receive an advance, the advance shall be counted as income. Income from wages that were previously held by the employer as a general practice and not previously counted as income by the CWD shall be counted as income in the month received. Advances on wages shall count as income in the month received only if the CWD is reasonably certain of its receipt, in accordance with Section 63-503.212(a).

- (MR) (3) The CWD shall budget stable earned and unearned income which is received on a regular basis as a single monthly payment for the month such income is intended to cover. Households receiving such income shall not have their monthly income varied merely because mailing or payment cycles may cause two payments to be received in one month and none in the next month.

Sections 63-503.22 et seq.(MR) shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) .22 Transitioning Households from Prospective to Retrospective Budgeting

A household's benefit level shall be computed prospectively during the beginning months of the household's certification period by considering all factors of eligibility. The prospective determination of eligibility and benefit level shall be based on the income and other circumstances that the CWD is reasonably certain will exist for that household during the beginning months as specified in Section 63-503.212(a).

- (MR) .221 If the household has two beginning months, when the CWD receives the household's first CA 7 during the second beginning month, the CWD shall continue to prospectively determine the household's eligibility, but the CWD shall issue benefits retrospectively for month three based on the actual information reported on the CA 7 for month one except as specified in Section 63-503.232(c).

- (MR) .222 If the household has three beginning months, when the CWD receives the household's second CA 7 during the third beginning month, the CWD shall continue to prospectively determine the household's eligibility. The CWD shall commence issuing benefits retrospectively for month four based on the actual information reported on the CA 7 for month two, except as specified in Section 63-503.232(c).

Sections 63-503.23 et seq.(MR) shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) .23 Households Subject to Retrospective Budgeting After the Beginning Months

(MR) .231 Prospective Eligibility

The CWD shall continue to prospectively determine Food Stamp eligibility after the beginning months. The prospective eligibility determination determines whether or not a household continues to be eligible for benefits, and does not determine what benefit level a household is entitled to receive. A household is neither eligible for a restoration of benefits, nor shall a claim be established against a household for an inaccurate estimate of a household's prospective eligibility. Categorically eligible households shall be considered eligible for food stamps because of their status as PA recipients. The prospective eligibility determination for other households shall be made as follows.

(MR) (a) Determining Resources

Each month any reported changes in the household's resources shall be used in conjunction with the resources at the time of the interview to determine the household's prospective eligibility, in accordance with Sections 63-501 and 63-409.12.

(MR) (b) Determining Income

When the household's benefits are retrospectively budgeted, the CWD shall continue to prospectively determine food stamp eligibility according to the household's gross and/or net income as specified in Section 63-503.32. The CWD, in determining the household's prospective eligibility shall consider the household's actual reported budget month income or income that has been averaged for the budget month and anticipated income changes in the issuance month. For this actual, averaged, and anticipated income, the CWD shall determine what sources are exempt from consideration as income, per Sections 63-502.14 and 63-502.2.

(MR) (c) Household Composition

The CWD shall determine food stamp eligibility using the household's composition during the issuance month.

(MR) .232 Retrospective Budgeting

The CWD shall use the following income to retrospectively budget the household's level of benefits.

(MR) (a) Actual Income

For purposes of determining the household's level of benefits for the issuance month, the CWD shall take into account the household's actual reported income for the budget month, except for child/spousal support disregard payments, which shall be based on the CWD information.

(MR) (b) Averaged Income

For purposes of determining the household's level of benefits for the issuance month, the CWD shall take into account any income that has been averaged for the household for the budget month.

(MR) (1) Self-employment income received less often than monthly. Households which derive their annual income in a period of time shorter than one year shall have that income averaged over a 12-month period.

(MR) (2) Nonexcluded scholarship, deferred educational loan, and educational grant income as specified in Section 63-503.212(b)(2). Such income shall not effect more benefit months than the number of months in the period over which it is averaged.

(MR) (3) Contract income as specified in Section 63-503.212(b)(3). Such income shall not effect more benefit months than the number of months in the period over which it is averaged.

(MR) (c) Income Only in the Month Received

When determining the household's level of benefits for the issuance month, the CWD shall count as income only that amount actually received by the household in the budget month, except as provided below:

(MR) (1) Income that has been averaged, in accordance with Section 63-503.212(b).

(MR) (2) The CWD shall budget stable earned and unearned income which is received on a regular basis as a single monthly payment for the month such income

is intended to cover. Households receiving such income shall not have their monthly income varied merely because mailing or payment cycles may cause two payments to be received in one month and none in the next month.

- (MR) (3) A GA/GR payment, covering a period which begins in the current month and ends in a future month, received in the current month is counted as income in the current month.

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- (MR) (A) For example, a GA/GR payment received in June which is intended to cover the last two weeks in June and the first two weeks in July is counted as income for June.

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- (MR) (4) Wages held at the request of the employee shall be considered income to the household in the month the wages would otherwise have been paid by the employer.
- (MR) (5) All AFDC, GA/GR, RCA, and ECA payments (initial, regular monthly, and additional/corrective) for the issuance month shall be anticipated with reasonable certainty, as defined in Section 63-503.212(a). The CWD shall ensure that any additional/corrective payments to the regular grant received in and for the issuance month are counted prospectively.
- (MR) (A) Federally funded AFDC additional/corrective payments that the CWD could not anticipate with reasonable certainty or did not have time to budget prospectively shall be budgeted retrospectively.
- (MR) (B) State-only AFDC, GA/GR, RCA, and ECA payments that the CWD could not anticipate with reasonable certainty or did not have time to budget prospectively shall not be budgeted retrospectively.

(MR) (C) Repealed by Manual Letter No. FS-91-10, effective 12/1/91.

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(MR) (D) The following case situations illustrate the distinction between an additional/corrective payment and a regular monthly payment:

(MR) 1. Example 1:

An ongoing Food Stamp household reported the birth of a child in March. As a result, the CWD issued two supplemental PA payments in April, the first for prorated March benefits, the second for April benefits, and added the child to the Food Stamp household effective April 1.

The prorated supplement for March benefits would be considered a nonrecurring lump sum payment because it is a retroactive payment for a previous month and is counted as a resource in April. The supplemental PA payment received in and for the month of April would be considered an additional/corrective payment which would be budgeted retrospectively for the June issuance month.

(MR) 2. Example 2:

An ongoing Food Stamp household filed a March CA 7 (Rev. 1) which caused the CWD to reduce the May PA grant amount to \$0. The CWD used \$0 income to compute the Food Stamp benefit level for the issuance month of May. Subsequent to this action, the CWD discovers that an error was made in the determination

of the Food Stamp household's PA grant and recomputes the PA budget to an appropriate grant amount of \$400.

The \$400 would be considered a regular monthly PA payment. This is because no other grant amount for the issuance month had been established and paid. Therefore, the amount issued would be considered a regular monthly PA payment. However, if the CWD had established and actually paid a grant amount (e.g., \$50), any adjustment to this amount would be considered an additional/corrective payment amount and budgeted retrospectively regardless of how the additional/corrective payment was issued (i.e., one check, two checks, etc.).

(MR) 3. Example 3:

An ongoing Food Stamp household filed a March CA 7 (Rev. 1) which resulted in a determination that the monthly PA grant would decrease from \$400 to \$50 for May. The \$50 PA grant level was used to determine the food stamp benefits for the issuance month of May. Subsequently, the Food Stamp household filed an administrative appeal and received aid paid pending (APP) in the amount of \$400.

In this instance, the \$350 (\$400-\$50) would not be budgeted retrospectively as an additional/corrective payment. This is because APP is required by state administrative appeals procedures. The \$350 + \$50 would be considered a regular monthly payment under the

requirements of the partial settlement agreement.

HANDBOOK ENDS HERE

(MR) (d) Discontinued Income

For the purposes of this section, discontinued income is any income that a household received in a budget month from a source that no longer provides income to the household, except when the income has been discontinued due to participation in a strike or, a household member other than the primary wage earner voluntarily quits a job without good cause in accordance with Section 63-408.4.

(MR) (1) In a Beginning Month

Discontinued income which was included in the household's prospective budget shall be disregarded when the beginning month becomes the budget month.

(MR) (2) After the Beginning Months

For households receiving AFDC, GA/GR, RCA, or ECA payments in the issuance month, discontinued income from the corresponding budget month shall be disregarded provided:

(MR) (A) The household has reported the termination of the income on the CA 7 for the budget month or in some other manner,

(MR) (B) The CWD has sufficient time to process the change and affect the allotment in the issuance month corresponding to the budget month in which the income stopped, and

(MR) (C) The AFDC, GA/GR, RCA, or ECA payments are increased as a result of the termination of the income.

.24 Section 63-503.24(MR) shall become inoperative and Section 63-503.24(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Determining the Eligibility and Benefit Level of Households Excluded from Retrospective Budgeting (Continued)

(QR) Determining the Eligibility and Benefit Level of Households Excluded from QR/PB. (Continued)

.242 Determining Income (Continued)

(b) Income Only in the Month Received

(1) Section 63-503.242(b)(1)(MR) shall become inoperative and Section 63-503.242(b)(1)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Income anticipated during the certification period shall be counted as income only in the month it is expected to be received, unless the income is averaged. The CWD shall use the exact monthly figure if it can be anticipated. Whenever a full month's income is anticipated but is received on a weekly or biweekly basis, the CWD shall convert the income to a monthly amount by multiplying weekly amounts by 4.3 and biweekly amounts by 2.15 if the exact amount is not known.

(QR) Income reasonably anticipated during the certification period shall be counted as income only in the month it is expected to be received, unless the income is averaged. The CWD shall use the exact monthly figure if it can be reasonably anticipated. For change reporting households, whenever a full month's income is anticipated but is received on a weekly or biweekly basis, the CWD shall convert the income to a monthly amount by multiplying weekly amounts by 4.33 and biweekly amounts by 2.167 if the exact amount is not known. For QR households, ~~Whenever~~ whenever a full month's income is anticipated but is received on a weekly or biweekly basis and will remain the same throughout the QR

Payment Quarter, the CWD shall convert the income to a monthly amount by multiplying weekly amounts by 4.33 and biweekly amounts by 2.167, ~~if the exact amount is not known as provided in~~ Section 63-509(a)(5). (Continued)

- .25 Section 63-503.25(MR) shall become inoperative and Section 63-503.25(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Determining Deductions for All Households

Deductible expenses include only certain medical, dependent care, shelter costs, and child support as specified in Section 63-502.3.

(QR) Determining Deductions for Change Reporting and QR/PB Households

Deductible expenses include only certain medical, dependent care, shelter costs, and child support as specified in Section 63-502.3. Treatment of deductions for households subject to QR/PB are specified in Sections 63-509(a)(3), (a)(3)(A), (a)(3)(B), and (a)(3)(C). (Continued)

.252 Averaging Expenses (Continued)

- (c) Section 63-503.252(c)(MR) shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

- (MR) For retrospectively budgeted households, the CWD shall budget deductible expenses or payments for the child support deduction averaged over two or more months retrospectively, except medical expenses, provided that such deductions are not budgeted over more months than they are intended to cover, and the total amount deducted does not exceed the total amount of the expenses. Medical expenses shall be budgeted prospectively. The CWD shall continue to allow deductions for expenses incurred or payments made for the child support deduction even if billed on other than a monthly basis unless the household reports a change in the expense. At that time, it shall be recalculated.

.253 Anticipating/Estimating Expenses (Continued)

(b) Other Expenses

Section 63-503.253(b)(MR) shall become inoperative and Section 63-503.253(b)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

- (MR) The CWD shall calculate a nonmonthly reporting household's expenses based on the expenses the household expects to be billed for or based on the payments expected to be made for the child support deduction during the certification period. Anticipation of the expenses or payments for the child support deduction shall be based on the most recent month's bills or payments for the child support deduction, unless the household is reasonably certain a change will occur. When the household is not claiming the standard utility allowance, the CWD may anticipate changes during the certification period based on last year's bills from the same period updated by overall price increases; or, if only the most recent bill is available, utility cost increases or decreases over the months of the certification period may be based on utility company estimates for the type of dwelling and utilities used by the household. The CWD shall not average past expenses, such as utility bills for the last several months, as a method of anticipating utility costs for the certification period.
- (QR) The CWD shall calculate a change reporting household's expenses based on the expenses the household expects to be billed for or based on the payments expected to be made for the child support deduction during the certification period. Anticipation of the expenses or payments for the child support deduction shall be based on the most recent month's bills or payments for the child support deduction, unless the household is reasonably certain a change will occur. When the household is not claiming the standard utility allowance, the CWD may anticipate changes during the certification period based on last year's bills from the same period updated by overall certification period may be based on utility company estimates for the type of dwelling and utilities used by the household. The CWD shall not average past expenses, such as utility bills for the last several months, as a method of anticipating utility costs for the certification period.

Section 63-503.253(c)(MR) shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) (c) Expenses In the Beginning Months (Continued)

.254 Section 63-503.254(MR) shall become inoperative and Section 63-503.254(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Disallowed expenses. The following expenses are not deductible:
(Continued)

(QR) Disallowed expenses. The following expenses are not deductible for change reporting households and QR/PB households:
(Continued)

.255 Section 63-503.255(MR) shall become inoperative and Section 63-503.255(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) For nonmonthly reporting households the income conversion procedures of Section 63-503.242(b)(1) shall also apply to expenses billed on a weekly or biweekly basis.

(QR) For change reporting and QR households, the income conversion procedures of Section 63-503.242(b)(1) shall also apply to expenses billed on a weekly or biweekly basis.

.3 Calculating Net Income and Benefit Levels

.31 Net Monthly Income

.311 Section 63-503.311(MR) shall become inoperative and Section 63-503.311(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) To determine a household's net monthly income, unless the household contains a member who is elderly or disabled as defined in Section 63-102(c), the CWD shall:

(QR) To determine a change reporting household's net monthly income, unless the household contains a member who is elderly or disabled as defined in Section 63-102(c), the CWD shall follow the steps listed below. For QR/PB households the steps listed below shall be followed after income is averaged over the QR/PB Payment Quarter as specified in Section 63-509(a)(4). (Continued)

.312 Section 63-503.312(MR) shall become inoperative and Section 63-503.312(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) To determine the net monthly income of a household that includes a member who is elderly or disabled as defined in Section 63-102(e) the CWD shall:

(QR) To determine the net monthly income of a change reporting household that includes a member who is elderly or disabled as defined in Section 63-102(e), the CWD shall follow the steps listed below. For QR/PB households, the steps listed below shall be followed after income is averaged over the QR/PB Payment Quarter as specified in Section 63-509(a)(4). (Continued)

.32 Eligibility and Benefits

.321 (Continued)

Sections 63-503.321 et seq.(MR) shall become inoperative and Section 63-503.321 et seq.(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) (a) For households which are subject to monthly reporting, the CWD shall apply the gross and net monthly income eligibility standards each month during the household's certification period. The household's continued eligibility for benefits shall be based on the household's size and income information which the household and the CWD anticipate for the issuance month. This determination shall be based on the information reported on and submitted with the household's most recent CA 7. The CWD shall also consider information which the household reports outside of the normal monthly reporting system.

- (MR) (1) If the household's gross and net monthly income does not exceed the standards the CWD shall issue benefits, in accordance with Section 63-503.22.
- (MR) (2) If the household's gross or net monthly income exceeds the standards, the CWD shall either deny the application or terminate; or suspend the household's benefits in accordance with Section 63-504.37.
- (MR) (b) For migrant farmworker households, the CWD shall deny the application if the household's gross and/or net monthly income exceeds the standards.
- (QR) (a) For food stamp households which are subject to QR, the CWD shall apply the gross and net monthly income eligibility standards to the averaged QR/PB Payment Quarter's income during the certification period. The household's continued eligibility for benefits shall be based on the household's size and income information which the household and the CWD anticipate for the QR Payment Quarter. This determination shall be based on the information reported on and submitted with the household's most recent QR 7. The CWD shall also consider information which the household reports outside of the normal QR system. (Continued)

.322 (Continued)

Section 63-503.322(a)(MR) shall become inoperative and Section 63-503.322(a)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

- (MR) (a) For households which are subject to monthly reporting, the CWD shall apply the net monthly income eligibility standards each month during the household's certification period, except as specified in Sections 63-301.7 and .82. The household's continued eligibility for benefits shall be based on the household's size and income information which the household and the CWD anticipate for the next issuance month. This determination shall be based on the information reported on and submitted with the most recent CA 7. The CWD shall also consider information which the household reports outside of the normal monthly reporting system.

- (MR) (1) If the household's net monthly income does not exceed the standard, the CWD shall issue benefits in accordance with Section 63-503.22.
- (MR) (2) If the household's net monthly income exceeds the standard, the CWD shall either deny the application or terminate; or suspend the household's benefits in accordance with Section 63-504.37.
- (MR) (b) For migrant farmworker households, the CWD shall deny the application if the household's net monthly income exceeds the standard.
- (QR) (a) For households which are subject to QR, the CWD shall apply the gross and net monthly income tests to income averaged over the QR Payment Quarter. The household's continued eligibility for benefits shall be based on the household's size and income information which the household and the CWD anticipate for the next QR Payment Quarter or remaining months in the quarter.
- (QR) (1) If the household's net quarterly averaged income does not exceed the standard, the CWD shall issue benefits in accordance with Section 63-503.22.
- (QR) (2) If the household's net quarterly averaged income exceeds the standard, the CWD shall deny the application or terminate benefits at the end of the quarter. If CalWORKs benefits are terminated mid-quarter based on income in excess of the IRT and income exceeds the household's standards, a mid-quarter action shall be taken to deny or terminate benefits and Transitional Food Stamp Benefits must be issued in accordance with Section 63-504.13.
- .324 Section 63-503.324(MR) shall become inoperative and Section 63-503.324(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
- (MR) The household's monthly allotment shall be determined from the Coupon Allotment Tables on the basis of household size and net income. The counties shall issue food stamp coupons pursuant to the coupon allotment tables as promulgated and updated by the

USDA. The SDSS shall provide the updated coupon allotment tables, which are to be implemented upon their effective date. Refer to Handbook Section 63-1101 for the most recent coupon allotment tables and their effective date.

(QR) Change reporting and QR/PB household's monthly allotment shall be determined from the Coupon Allotment Tables on the basis of household size and net income. The counties shall issue food stamp benefits pursuant to the coupon allotment tables as promulgated and updated by the USDA. The CDSS shall provide the updated coupon allotment tables, which are to be implemented upon their effective date. Refer to Handbook Section 63-1101 for the most recent coupon allotment tables and their effective date.

.325 Section 63-503.325(MR) shall become inoperative and Section 63-503.325(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Except during an initial month, all eligible one- and two-person households shall receive a minimum monthly allotment of \$10 and all eligible households with three or more members which are entitled to \$1, \$3, and \$5 allotments shall receive allotments of \$2, \$4, and \$6 respectively to correspond with current coupon book determination.

(QR) Except during an initial month of application, all eligible one- and two-person change reporting and QR households shall receive a minimum monthly allotment of \$10 and all eligible households with three or more members which are entitled to \$1, \$3, and \$5 allotments shall receive allotments of \$2, \$4, and \$6 respectively to correspond with current coupon book determination.

.326 Section 63-503.326(MR) shall become inoperative and Section 63-503.326(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) For an eligible household with three or more members which is entitled to benefits for the initial month but not the following month, the CWD shall certify the household in accordance with Section 63-504.1 and terminate the case for the following month if the household is prospectively ineligible. The household shall be notified in accordance with Section 63-504.261.

(QR) For an eligible change reporting household with three or more members which is entitled to benefits for the initial month but not the following month, the CWD shall certify the household in accordance with Section 63-504.1 and terminate the case for the following month if the household is prospectively ineligible. For QR/PB households with three or more members, benefits shall be provided during the QR Payment Quarter if averaged income over the quarter does not render the household ineligible for the quarter. The QR/PB household shall be certified in accordance with Section 63-504.1 if averaged income over the quarter for the QR/PB household does not exceed the 130 percent FPL for family size.

.327 Section 63-503.327(MR) shall become inoperative and Section 63-503.327 et seq.(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) For those eligible households which are entitled to no benefits in their initial month of application in accordance with Section 63-503.324, but are entitled to benefits in the next month, the CWD shall certify the households beginning with the month of application.

(QR) No Eligibility in the Initial Month of Application

(QR) (a) For those eligible change reporting households which are not entitled to benefits in their initial month of application in accordance with Section 63-503.324, but are entitled to benefits in the next month, the CWD shall certify the households beginning with the month of application.

(QR) (b) For QR/PB households whose income has been averaged over the QR Payment Quarter and averaged income makes the household ineligible, the application shall be denied unless the household is categorically eligible.

(1) The CWD shall inform households whose applications have been denied that if their income stops or drops, the household may contact the CWD to reapply for benefits.

(2) The CWD shall use the original application along with updated information if the household reapplies within 30 days of the denial of benefits.

~~(3) The denial shall be rescinded providing the household is determined eligible based on new information.~~

.328 Section 63-503.328(MR) shall become inoperative and Section 63-503.328(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) When a household's circumstances change and it becomes entitled to a different income eligibility test, the CWD shall apply the different test at the next recertification or whenever the CWD changes the household's eligibility, benefit level or certification period, whichever occurs first.

(QR) When a change reporting or QR/PB household's circumstances change and it becomes entitled to a different income eligibility test, the CWD shall apply the different test at the next recertification or whenever the CWD changes the household's eligibility, benefit level or certification period, whichever occurs first.

.329 Section 63-503.329(MR) shall become inoperative and Section 63-503.329(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The CWD shall deny the application of an otherwise eligible household with three or more members that has a net income which would set its benefit level at zero. The application shall be denied on the grounds that net income exceeds the level at which benefits are issued unless any of the following occur:

(QR) The CWD shall deny the application of an otherwise eligible change reporting or QR/PB household with three or more members that has a net income which would set its benefit level at zero. The application shall be denied on the grounds that net income exceeds the level at which benefits are issued unless any of the following occur:

(a) (Continued)

.4 Households with Special Circumstances

.41 Households with Self-Employment Income

Section 63-503.41(MR) shall become inoperative and Section 63-503.41(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

- (MR) For monthly reporting households receiving self-employment income, including those households that own and operate a commercial boarding house, the CWD shall calculate the self-employment income in accordance with this section. All households that own and operate a noncommercial boarding house shall have their income calculated in accordance with Section 63-503.42.
- (QR) For QR households receiving self-employment income, including those households that own and operate a commercial boarding house, the CWD shall calculate the self-employment income in accordance with this section. All households that own and operate a noncommercial boarding house shall have their income calculated in accordance with Section 63-503.42. QR/PB households are subject to income averaging rules as specified in Sections 63-509(a)(4), (a)(5) and (a)(6).

.411 Households with Self-Employment Income

- (a) Section 63-503.411(a)(MR) shall become inoperative and Section 63-503.411(a)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
- (MR) Monthly reporting households which receive self-employment income on a monthly basis shall report the actual amount of such income on the monthly eligibility report. The CWD shall calculate the household's benefit level for each month based on the actual amount of self-employment income reported even if such income fluctuates from month to month.
- (QR) QR households which receive self-employment income on a monthly basis shall report the actual amount of such income on the QR ~~Report 7~~ for the Data Month. The CWD shall calculate the household's benefit level for the Payment Quarter based on the actual amount of self-employment income reported on the QR 7 and anticipated income for each month of the upcoming QR Payment Quarter. Self-employment income shall be averaged over the QR Payment Quarter. Changes in self-employment income that

occur mid-quarter shall be treated in accordance with Section 63-509(d).

(b) Section 63-503.411(b)(MR) shall become inoperative and Section 63-504.411(b)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Self-employment income received less often than monthly which represents a household's annual income shall be averaged over a 12-month period even if the household receives income from other sources in addition to self-employment. If income is from a household member's self-employment in a farming or fishing operation and irregular expenses are incurred to produce that income, the household shall have the option to annualize the allowable costs of producing self-employment income from farming when the self-employment farm income is annualized.

(QR) Self-employment income received less often than monthly which represents a change reporting or QR/PB household's annual income shall be averaged over a 12-month period even if the household receives income from other sources in addition to self-employment. The annualized monthly income figure shall be used as the averaged income for the QR Payment quarter.

If income is from a household member's self-employment in a farming or fishing operation and irregular expenses are incurred to produce that income, the household shall have the option to annualize the allowable costs of producing self-employment income from farming when the self-employment farm income is annualized. For QR households, the annualized monthly figure for allowable costs of producing income from farming or fishing shall be used as an averaged expense for the QR Payment quarter.

(c) Section 63-503.411(c)(MR) shall become inoperative and Section 63-503.411(c)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) If a household's self-employment enterprise has been in existence for less than a year the income from that self-employment enterprise shall be averaged over the period of time the business has been in operation, and the monthly amount projected over the certification period.

(QR) If a household's self-employment enterprise has been in existence for less than a year, the income from that self-employment enterprise shall be averaged over the period of time the business has been in operation, and the monthly amount projected over the certification period. For QR/PB households, the projected income over the certification period shall be used in averaging income over the QR Payment Quarter.

.412 Averaging Self-Employment Income Received Less Often Than Monthly (Continued)

(b) Section 63-503.412(b)(MR) shall become inoperative and Section 63-503.412(b)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Self-employment must be averaged over the period of time the income is intended to cover even if the household receives income from other sources.

(QR) Self-employment must be averaged over the period of time the income is intended to cover even if the household receives income from other sources. For QR/PB households, self-employment must be averaged over the certification period or over a QR Payment Quarter.

(c) Section 63-503.412(c)(MR) shall become inoperative and Section 63-503.412(c)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Actual self-employment income and expense information reported and verified with the household's CA 7 shall be used at the household's next certification to average and project the household's circumstances for the next year or period of time the income is intended to cover, except that the self-employment income averaged for the current certification period must be redetermined in the following instances:

(QR) Actual self-employment income and expense information reported and verified with the household's last QR 7 shall be used at the household's next certification to average and project the household's circumstances for the next year or next QR Payment Quarter, except that the self-employment income averaged for the current certification period or QR Payment Quarter must be redetermined in the following instances:

(1) (Continued)

.415 Determining Monthly Income from Self-Employment (Continued)

Sections 63-503.415(a) through (b)(1)(MR) shall become inoperative and Sections 63-503.415(a) through (b)(1)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

- (MR) (a) For monthly reporting households who report their actual monthly self-employment income on the CA 7, the CWD shall add all gross self-employment income (including capital gains), and exclude the actual monthly cost of producing the self-employment income as reported on the CA 7.
- (MR) (b) For the period of time over which self-employment income is averaged, the CWD shall add gross self-employment income (including capital gains), exclude the cost of producing the self-employment income, and divide the self-employment income by the number of months over which the income will be averaged.
- (MR) (1) For self-employed farmers or fishermen, as defined in Section 63-102s, losses shall be prorated in the same manner used to prorate the self-employment income.
- (QR) (a) For QR households that report actual monthly self-employment income on the QR 7, the CWD shall add all gross self-employment income (including capital gains) and average it over the QR Payment Quarter, and exclude the averaged anticipated cost of doing business. The CWD shall determine if the monthly income is already determined by averaging income over the certification

period or if anticipated income is to be averaged over the QR Payment Quarter. Calculation of benefits over the quarter shall be computed in accordance with Section 63-509.

(QR) (b) The CWD shall add gross self-employment income (including capital gains) over the three-month QR Payment Quarter and divide the gross income total by three (3) to determine the monthly income amount for each month of the quarter. ~~Stable income; e.g.,~~ Income averaged over the certification period, need not be averaged over the quarter.

(QR) (1) For self-employed farmers or fishermen, losses shall be averaged in the same manner used to average the self-employment income, either over the certification period or over the QR Payment Quarter. (Continued)

(c) (Continued)

.416 (Continued)

.5 Section 63-503.5(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) Nonexcluded scholarships, deferred educational loans and educational grant income received less often than monthly for both change reporting and QR households shall be averaged, after exclusions, over the period it is intended to cover.

.6 Section 63-503.6(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) Contract income received by change reporting and QR households that derive their annual income in a period of time shorter than one year shall be averaged over the period it is intended to cover, provided the income from the contract is not earned on an hourly or piece-work basis.

.7 (Continued)

.71 (Continued)

.711 (Continued)

.712 (Continued)

.713 (Continued)

.714 (Continued)

.72 (Continued)

.8 (Continued)

.9 Section 63-503.9(MR) shall become inoperative and Section 63-503.9(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Certified Monthly Reporting Households Applying for Aid in a New County

(QR) Households Losing County Residence

.91 Section 63-503.91(MR) shall become inoperative and Section 63-503.91(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The applications of households which were certified for Food Stamp Program participation in one county or state and which move to another county or this state and apply for benefits without at least a one-month break in certification, shall be treated as initial applications, except they shall continue to be retrospectively budgeted, as specified in Section 63-504.711. Households which have requested and are entitled to expedited service shall have their benefits available in accordance with Section 63-301.531(b).

(QR) The applications of change reporting food stamp households which were certified for Food Stamp Program participation in one county and which move to another county and apply for benefits, shall be treated as initial applications, ~~except they shall continue to be retrospectively budgeted, as specified in Section 63-504.711.~~ Households which have requested and are entitled to expedited service shall have their benefits available in accordance with Section 63-301.531(b).

.911 Section 63-503.911(MR) shall become inoperative and Sections 63-503.911(a) and (b)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Households which were subject to retrospective budgeting in the previous county or state shall continue to be retrospectively budgeted, unless the household is now excluded, as specified in Section 63-505.21. (Continued)

(QR) (a) For households that are subject to QR/PB and move out of state, benefits shall be terminated mid-quarter.

(QR) (b) For QR/PB households that move out of county, the CWD shall continue to follow existing rules which require the recipient to be discontinued from the former county of residence and reapply in the new county, except when there is a companion CalWORKs case that is being transferred, the former county will continue to provide benefits until the end of the month in which the CalWORKs case is transferred from the former county in accordance with Section 63-509(c)(2). The new county shall assign a new QR reporting cycle to the household. (Continued)

.912 (Continued)

Authority Cited: Sections 10553, 10554, 10604, 11265.1, .2 and .3, 11369, 18904, and 18910, Welfare and Institutions Code.

Reference: Sections 10554, 11265.1, .2, and .3, 18904, and 18910, Welfare and Institutions Code; 7 Code of Federal Regulations (CFR) 271.2; 7 CFR 272.3(c)(1)(ii); 7 CFR 273.1(b)(2)(iii), (c)(3)(i), (ii) and (e)(1)(i) as published in the Federal Register, Volume 59, No. 110 on June 9, 1994; 7 CFR 273.2(j)(4); 7 CFR 273.4(c)(2), (c)(2)(i), (c)(2)(i)(A), (c)(2)(iv), (c)(2)(v), (c)(3)(v), and (e)(1) and (2); 7 CFR 273.9(b)(1)(ii) and (b)(2)(ii), and (d)(6)(iii)(F); 7 CFR 273.10; 7 CFR 273.10(a)(1)(iii)(B); 7 CFR 273.10(c)(2)(iii), (c)(3)(ii), proposed amended 7 CFR 273.10(d) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994; (d)(1)(i), (d)(2), (d)(3), (d)(4), and proposed (d)(8) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994, and proposed amended 7 CFR 273.10(e)(1)(i)(E-H) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994; 7 CFR 273.11(a)(1)(i) through (iii), (a)(2)(i), (b)(1), (b)(1)(i) and (ii), (c), (c)(1), (c)(2), (c)(2)(iii), (c)(3)(ii), (d)(1), and (e)(1); 7 CFR 273.12(a)(1)(i)(A), (a)(1)(i)(B), (a)(1)(i)(C)(2), and (c)(3)(iv); 7 CFR 273.21(f)(2)(ii), (iii), (iv), and (v), (g)(3), (j)(1)(vii)(B), and (S); 7 CFR 273.24(b)(4); (Court Order re Final Partial Settlement Agreement in Jones v. Yeutter (C.D. Cal. Feb.

1, 1990) ____F. Supp. ____; Waiver Letter WFS-100:FS-10-6-CA, dated October 2, 1990, U.S.D.A., Food and Consumer Services; Administrative Notice No. 89-12, No. 92-23, dated February 20, 1992, No. 94-39, and No. 94-65; Public Law (P.L.) 100-435, Section 351, and P.L. 101-624, Section 1717; [7 United States Code (U.S.C.) 2012, 2014(e), and 2017(c)(2)(B)]; 7 U.S.C. 2015(d)(1); 8 U.S.C. 1631, P.L. 104-193, Sections 115, 815, 821, 827 and 829 (Personal Responsibility and Work Opportunity Reconciliation Act of 1996); Federal Food Stamp Policy Memos 82-9 dated December 8, 1981, and 88-4 dated November 13, 1987, Federal Register, Vol. 66, No. 229, dated November 28, 2001, USDA, FNS AN 02-23 dated February 6, 2002; USDA FNS AN 03-23, dated May 2003; and Food and Nutrition Service Quarterly Reporting/Prospective Budgeting waiver approval dated April 1, 2003.

1. Amend Section 63-504 to read:
2. Post-Hearing: Amend Section 63-504 to read:
3. 15-Day Renotice: Amend Section 63-504 to read:

63-504 HOUSEHOLD CERTIFICATION AND
CONTINUING ELIGIBILITY

63-504

.1 Certification Periods (Continued)

Handbook Section 63-504.1(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

HANDBOOK BEGINS HERE

- (QR) Counties may match certification periods with QR reporting cycles. Where possible, CalWORKs shall adjust its redetermination period to coincide with the Food Stamp Program certification period. The food stamp certification period shall not be shortened unless as specified in Section 63-504.15. The certification may be lengthened if it does not exceed 12 months as specified in Section 63-504.16.

HANDBOOK ENDS HERE

.11 (Continued)

- .12 Section 63-504.12(MR) shall become inoperative and Section 63-504.12(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Additional Requirement for Establishing Certification Periods for Monthly Reporting Households

(QR) Additional Requirements for Establishing Certification Periods for QR Households

.121 (Continued)

- .134 Section 63-504.134(MR) shall become inoperative and Section 63-504.134(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Additional Requirements for Establishing Certification Periods for Nonmonthly Reporting Households

(QR) Additional Requirements for Establishing Certification Periods for Change Reporting Households

.1341 Section 63-504.1341(MR) shall become inoperative and Section 63-504.1341(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Nonmonthly reporting households shall be assigned the longest certification period possible based on the predictability of the individual household's circumstances. The certification period shall not exceed 12 months.

(QR) Change reporting and QR households shall be assigned the longest certification period possible based on the predictability of the individual household's circumstances. The certification period shall not exceed 12 months.

(a) (Continued)

.145 Certification Periods for Households Residing on a Reservation

.1451 Section 63-504.1451(MR) shall become inoperative and Section 63-504.1451(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Monthly reporting households residing on a reservation shall be certified for 24 months.

(QR) Households residing on a reservation shall be certified for 24 months.

.1452 (Continued)

.156 (Continued)

.1561 (Continued)

.167 (Continued)

.1671 (Continued)

.1672 (Continued)

.2 Notices of Action (Continued)

.22 Approval Actions (Continued)

.222 Section 63-504.222(MR) shall become inoperative and Section 63-504.222(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) When the initial allotment includes benefits for both the month of application and the second month's benefits, the notice shall inform the household that this initial allotment includes more than one month's benefits and shall indicate the monthly benefit level for the remainder of the certification period.

(QR) When the initial allotment includes benefits for both the month of application and the second month's benefits, the notice shall inform the household that this initial allotment includes more than one month's benefits and shall indicate the monthly benefit level for the remainder of the certification period for change reporting households or the benefit level for the QR Payment Quarter for QR/PB reporting households.

.223 (Continued)

HANDBOOK BEGINS HERE

.225 Section 63-504.225(MR) shall become inoperative and Section 63-504.225(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The recommended CDSS developed form to use for notification of approval actions is the DFA 377.1 or a County substitute containing all notice requirements.

(QR) The recommended CDSS-developed form to use for notification of approval actions is the DFA 377.1 QR or a county substitute containing all notice requirements.

HANDBOOK ENDS HERE

.23 (Continued)

.25 (Continued)

HANDBOOK BEGINS HERE

.254 Handbook Section 63-504.254(MR) shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The recommended CDSS developed form to use for notification of the expiration or shortening of a certification period is the DFA 377.2 or a County substitute containing all notice requirements.

HANDBOOK ENDS HERE

.26 Changes in Eligibility Status or Benefit Levels (Continued)

HANDBOOK BEGINS HERE

Handbook Section 63-504.26(MR) shall become inoperative and Handbook Section 63-504.26(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The Department of Social Services and the CWDs are permanently enjoined by court order in Saldivar v. McMahon from implementing MPP 22-022(j). Therefore, the CWDs are to continue to provide timely and adequate notice in all instances where the proposed action would result in a discontinuance or reduction of benefits due to a late or incomplete CA 7.

(QR) The Department of Social Services and the CWDs are permanently enjoined by court order in Saldivar v. McMahon from implementing MPP Sections 22-022(j) 22-071 and 22-072. Therefore, the CWDs are to continue to provide timely and adequate notice in all instances where the proposed action would result in a discontinuance or reduction of benefits due to a late or incomplete QR 7. (Continued)

HANDBOOK ENDS HERE

.263 (Continued)

Section 63-504.263(MR) shall become inoperative and Section 63-504.263(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

- (MR) Notice of a proposed change in benefits shall be sent to a monthly reporting household that fails to submit verification/information of a deduction with a CA 7 that is otherwise complete as specified in Section 63-504.32, or submits a CA 7 that contains questionable information as defined in Section 63-300.53.
- (QR) Notice of a proposed change in benefits shall be sent to a QR household that fails to submit verification/information of a deduction with a QR 7 that is otherwise complete as specified in Section 63-504.32, or submits a QR 7 that contains questionable information as defined in Section 63-300.53.
- (a) Section 63-504.263(a)(MR) shall become inoperative and Section 63-504.263(a)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
- (MR) The notice of action shall be sent no later than 10 days before the end of the report month. The household shall be given until the extended filing date to provide the missing verification/information.
- (QR) The notice of action shall be sent no later than 10 days before the end of the Submit Month. The household shall be given until the extended filing date to provide the missing verification/information.
- (b) Section 63-504.263(b)(MR) shall become inoperative and Section 63-504.263(b)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
- (MR) If the household submits a CA 7 after the CWD has mailed the notice specified in Section 63-504.27, the CWD need not provide a notice informing the household of a proposed change in benefits.
- (QR) If the household submits a QR 7 after the CWD has mailed the notice specified in Section 63-504.27, the CWD need not provide a notice informing the household of a proposed change in benefits.
- (c) (Continued)
- .264 Section 63-504.264 et seq.(MR) shall become inoperative and Section 63-504.264 et seq.(QR) shall become operative in a county

on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Notification to Monthly Reporting Households

(QR) Notification to Quarterly Reporting Households

(MR) The CWD shall provide a notice of action to a monthly reporting household to inform them of any increase or decrease in benefits resulting from information reported by the household on the CA 7.

(QR) The CWD shall provide a notice of action to a QR household to inform them of any increase or decrease in benefits as specified in Section 63-504.37, resulting from information reported by the household on the QR 7.

(MR) (a) Notice shall be provided to a household which submits a complete CA 7, including all required verification, to the CWD by the 11th of the report month:

(QR) (a) Notice shall be provided to a household which submits a complete QR 7, including all required verification, to the CWD by the 11th of the submit month: (Continued)

(MR) (b) Notice shall be provided to a household which submits a complete CA 7 after the 11th of the report month and by the extended filing date no later than the household's normal or delayed issuance date.

(QR) (b) Notice shall be provided to a household which submits a complete QR 7 after the 11th of the submit month and by the extended filing date no later than the household's normal or delayed issuance date.

HANDBOOK BEGINS HERE

.265 Section 63-504.265(MR) shall become inoperative and Section 63-504.265(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The recommended CDSS developed form to use for notification of changes in eligibility status or benefit levels, or the suspension of benefits, is the DFA 377.4 or a County substitute containing all notice requirements.

- (QR) The recommended CDSS-developed form to use for notification of changes in eligibility status or benefit levels is the DFA 377.4 QR or a county substitute containing all notice requirements.

HANDBOOK ENDS HERE

.266 Exemptions from Providing a Notice of Action (Continued)

- (d) Section 63-504.266(d)(MR) shall become inoperative and Section 63-504.266(d)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
- (MR) The monthly reporting household's allotment varies from month to month during the beginning months to take into account changes which were estimated at the time of certification and the household was so notified at the time of certification.
- (QR) The QR household's allotment is adjusted to take into account changes which were ~~estimated~~ anticipated at the time of certification and the household was so notified at the time of certification.
- (e) Section 63-504.266(e)(MR) shall become inoperative and Section 63-504.266(e)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
- (MR) The nonmonthly reporting household's allotment varies from month to month within the certification period to take into account changes which were anticipated at the time of certification, and the household was so notified at the time of certification.
- (QR) The change reporting household's allotment varies from month to month within the certification period to take into account changes which were anticipated at the time of certification, and the household was so notified at the time of certification. (Continued)
- (j) Section 63-504.266(j)(MR) shall become inoperative and Section 63-504.266(j)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) A household's participation in the Food Stamp Program is terminated as specified in Section 63-504.33, because the household failed to respond to the notice of action informing them of the nonreceipt of the CA 7 by filing a complete CA 7 by the extended filing date.

(QR) A household's participation in the Food Stamp Program is terminated as specified in Section 63-508.6, because the household failed to respond to the notice of action informing them of the nonreceipt of the QR 7 by filing a complete QR 7 by the extended filing date. (Continued)

.267 Exemptions from Providing a Timely Notice of Action
(Continued)

(e) (Continued)

(2) Section 63-504.267(e)(2)(MR) shall become inoperative and Section 63-504.267(e)(2)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The household responding to a notice of action requesting the household to submit a complete CA 7 by the extended filing date.

(QR) The household responding to a notice of action requesting the household to submit a complete QR 7 by the extended filing date.

Sections 63-504.27 et seq.(MR) shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) .27 CA 7 Not Received/CA 7 Incomplete (Continued)

HANDBOOK BEGINS HERE

See handbook section in 63-504.26 for Saldivar v. McMahan court order requirements for timely and adequate notice.

HANDBOOK ENDS HERE

The CWD shall provide a notice of action to a monthly reporting household which fails to file a CA 7 by the 11th of the report month or files an incomplete CA 7.

- (MR) .271 The notice of action shall inform the household:
 - (MR) (a) That the CA 7 either is overdue or incomplete;
 - (MR) (b) What the household must do to complete the CA 7;
 - (MR) (c) If any verification is missing and the effect on the household's benefits level;
 - (MR) (d) That the SSN of a new member must be reported;
 - (MR) (e) What the extended filing date is; and
 - (MR) (f) That the CWD will assist the household in completing the report.
- (MR) .272 The CWD shall send the notice of action no later than 10 days before the end of the report month and give the household until the extended filing date, as specified in Section 63-504.33, to file a complete CA 7. If a complete CA 7 is received after the 11th of the report month, but prior to the mailing of the notice, the notice shall not be sent.
- (MR) .273 If a household responds to the notice of action by submitting an incomplete CA 7, the CWD need not provide a second notice to the household.

HANDBOOK BEGINS HERE

- (MR) .274 The recommended CDSS developed forms to use in notifying households of a missing or incomplete CA 7 are the NA 960X or NA 960Y, respectively or a County substitute containing all notice requirements.

HANDBOOK ENDS HERE

Sections 63-504.3 et seq.(MR) shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

- (MR) .3 Monthly Reporting

- (MR) The CWD, at the time of the application interview, shall determine which households are subject to monthly reporting requirements, as specified in Section 63-505.2. The CWD shall provide all monthly reporting households with the CA 7 for reporting the information and changes required by Section 63-505.3. The CWD shall provide assistance in completing and filing the CA 7 to households whose adult members are all either mentally or physically disabled, non-English speaking or lacking in reading and writing skills such that they cannot complete and file the CA 7. The CWD shall require monthly reporting households to submit a complete CA 7 by the 5th of each report month. Recipient due dates and CWD time limits shall be modified by Section 63-102c.
- (MR) .31 CWD Action on the CA 7
- (MR) .311 Upon receiving the CA 7 the CWD shall:
- (MR) (a) Review the report to ensure completeness and consider the report incomplete if it does not meet the criteria for a complete CA 7, as defined in Section 63-504.32.
 - (MR) (b) Determine those items which will require additional verification and/or clarification, in accordance with Section 63-504.34.
 - (MR) (c) Notify the household, as specified in Section 63-504.33, of the need to correct an incomplete or inaccurate CA 7, and/or submit additional verification/clarification, as required by Section 63-504.34.
 - (MR) (d) Determine the household's eligibility prospectively by considering all factors, including income, in accordance with Section 63-503.321(a).
 - (MR) (e) Determine the household's level of benefits based on actual information reported on the CA 7 and household composition determined as of the issuance month, in accordance with Section 63-503.3. In calculating the household's benefit level, the following income and deductions shall be considered:
 - (MR) (1) Nonexcluded earned and unearned income received in the corresponding budget month, including the earned income of an elementary or secondary school student only if the student is 18 years of age or older at the beginning of the budget month except as specified in Section 63-407(a)(4)(A). The

CWD shall use the actual amount received by the household to compute benefits, except as provided in Section 63-503.22.

(MR) (2) Allowable deductions as billed or averaged from the corresponding budget month, including those shelter costs billed less often than monthly which the household has chosen to average.

(MR) (f) Issue benefits, in accordance with the time frames set forth in Section 63-504.38.

(MR) .32 Complete CA 7

The CWD shall consider the CA 7 complete if all of the following requirements are met.

(MR) .321 The CA 7 is dated no earlier than the first day of the report month.

(MR) (a) This requirement shall be met when the date entered on the CA 7, together with other dated material provided with the CA 7, and the date on which the CWD mailed or gave the CA 7 to the household clearly establishes the month and year to which the CA 7 applies.

(MR) (b) This requirement shall not apply when:

(MR) (1) The first day of the report month falls on a nonpostal delivery day;

(MR) (2) The CA 7 is mailed by the CWD for delivery on the last postal delivery day of the budget month; and

(MR) (3) The recipient signs and dates the CA 7 on or before the last day of the budget month.

(MR) .322 The CA 7 provides the CWD with address (location) information sufficient to locate the household, however, households which do not have a fixed address shall not have their CA 7s rendered incomplete solely for this reason.

(MR) .323 The CA 7 is signed by the head of the household, authorized representative, or responsible household member. The PA caretaker relative, natural or adoptive parent, if not one of the above, shall not satisfy this requirement.

- (MR) .324 All questions and items pertaining to food stamp eligibility are fully answered and provide the CWD with the information to correctly determine eligibility and benefit level, except as specified in Sections 63-504.324(c) and (d) and Section 63-505.311.
- (MR) (a) To be considered fully answered, information on the CA 7 together with attached documentation must provide sufficient information to allow for the determination of eligibility and/or benefit level.
- (MR) (b) Questions on the CA 7 shall not be considered fully answered if situations such as, but not limited to the following, exist:

- (MR) (1) The CA 7 does not include information on changes that the household has previously reported to have occurred; for example, an actual change that the household reported to the CWD by telephone was not included on the CA 7 unless the appropriate case action has already been taken.
- (MR) (2) The CA 7 does not include information that was reported on the previous CA 7 and the household does not indicate a change has occurred, e.g., the household previously reported earnings from two sources and this month reports earnings from one source but does not explain the change.
- (MR) (c) If elements pertaining to one program's requirements are missing from the CA 7, the CA 7 shall be considered incomplete for that program only.
- (MR) (d) The CWD shall not consider the CA 7 incomplete if information regarding child/spousal support disregard payments has not been included.
- (MR) .325 Verification is provided for gross nonexcluded earned income each month and nonexcluded unearned income when first reported and when there is a change in the amount of income received, except as specified in Sections 63-505.311, and 63-504.325(a).
- (MR) (a) For child/spousal support disregard payments, the agency record shall be the verification.
- (MR) .326 Verification is provided for the source of all excluded income when first reported and when there is a change in the source of the income.
- (MR) .33 CWD Action on an Incomplete CA 7

HANDBOOK BEGINS HERE

- (MR) (a) See handbook section in 63-504.26 for Saldivar v. McMahon court order requirements for timely and adequate notice.

HANDBOOK ENDS HERE

- (MR) (b) After notifying the household as specified in Section 63-504.27, the CWD shall allow the household until the extended filing date to file a complete CA 7.

- (MR) (c) The household's participation shall be terminated effective the end of the report month, as specified in Section 63-504.36, if the household fails to file a complete CA 7 by the extended filing date.
- (MR) .34 CWD Action on a Complete CA 7 Requiring Additional Verification/Information

HANDBOOK BEGINS HERE

See handbook section in 63-504.26 for Saldivar v. McMahan court order requirements for timely and adequate notice.

HANDBOOK ENDS HERE

If the household submits a CA 7 by the date the CWD mails the notification of the missing CA 7, but fails to provide the required verification/information with the CA 7, the CWD shall notify the household as specified in Section 63-504.26 of the need to submit the missing verification/information by the extended filing date. The CWD shall not delay benefits if the missing verification/information is for a deduction. If the household fails to provide the missing verification/information, other than for income, by the extended filing date, the CWD shall not consider the CA 7 incomplete. Any deductions for which the verification/information is missing shall be disallowed. Items specified in Sections 63-504.341(g) and (h) shall be handled as specified in Section 63-504.342.

- (MR) .341 The household shall provide with the CA 7 verification of the following items:
- (MR) (a) Dependent care costs which have changed since the last report or when there is questionable information which is inaccurate, incomplete, outdated, or inconsistent;
- (MR) (b) If the household voluntarily reports a change in its medical expenses and fails to verify the change as specified in Section 63-504.421, and that change would increase the household's allotment, the CWD shall not make the change. The CWD shall act on reported changes without requiring verification if the changes would decrease the households allotment or make the household ineligible, although verification which is required as specified in Section 63-504.421 shall be obtained prior to the household's recertification.

- (MR) (c) Utility costs which entitle the household to the standard utility allowance (SUA). The household shall provide verification of these costs when first allowed entitlement to the SUA and when the household moves;
 - (MR) (d) Actual utility costs, if the household is claiming the actual expenses, when first allowed as a deduction, and when there is a move;
 - (MR) (e) All expenses incurred in producing self-employment income;
 - (MR) (f) Residency as defined in Section 63-401 when there is a change;
 - (MR) (g) Social Security numbers or citizenship or alien status for household members when there is a change.
 - (MR) (h) A change in the legal obligation to pay child support to a person not in the food stamp household, as specified in Section 63-502.37, and/or an increase in the amount of child support payments.
- (MR) .342 The CWD may elect to require verification of housing costs when first allowed as a deduction and when there is a move, as specified in Section 63-300.52.
- (MR) .343 If the household submits information and/or verification with the CA 7 which the CWD determines to be questionable, as specified in Section 63-300.53, the CWD shall notify the household as specified in Section 63-504.26. The household shall be allowed until the extended filing date to submit the necessary verification/clarification. If the household fails to submit the necessary verification/clarification by the extended filing date, the CWD shall act on the reported information if it results in a decrease in benefits, or not act on the reported information if it results in an increase.
- (MR) .344 The CWD shall contact the household as needed to obtain further information on specific items. These items include, but are not limited to:
- (MR) (a) The effect of a reported change in resources on a household's total resources; and

- (MR) (b) The effect of a reported change in household composition or loss of job or source of earned income on the applicability of the work registration or voluntary quit requirements.

(MR) .35 Action on Reported Information

HANDBOOK BEGINS HERE

See handbook section in 63-504.26 for Saldivar v. McMahon court order requirements for timely and adequate notice.

HANDBOOK ENDS HERE

- (MR) .351 The CWD shall take prompt action on all changes to determine if the reported information affects the household's eligibility and/or benefit level.
 - (MR) (a) If the reported change results in the household becoming ineligible, the CWD shall terminate the household's participation effective the next issuance month unless the household is suspended, as specified in Sections 63-504.371 or .372.
 - (MR) (b) Excess resources shall not be counted if they are reduced to the resource limit in the month received.
- (MR) .352 If the change reported on the CA 7, except for the addition of a new household member results in an increase or decrease in benefits, the CWD shall make the change effective the next issuance month and notify the household as specified in Section 63-504.26.
- (MR) .353 If the reported change results in an increase or decrease in a household's benefits due to the addition of a new household member, the CWD shall make a determination of the new household member's eligibility within 30 days of the date the change was reported. To complete the determination, the CWD has the option either to require the household to complete the CA 8, or to contact the household to obtain the necessary information for the new member and update the last application. However, if the change in circumstances brings continued eligibility into question, the CWD may shorten the certification period of the household, as specified in Section 63-504.14, and proceed to recertify the household.

- (MR) (a) The CWD shall issue benefits for the new member effective the first of the month following the month in which the change was reported. The new member shall be required to comply with the verification requirements specified in Section 63-300.5 and the work registration requirements specified in Section 63-407. If the new member is not eligible to participate, the CWD shall treat the income of that excluded member as specified in Section 63-503.44.
- (MR) (b) The CWD shall prospectively budget the new member's income and specific deduction in combination with the existing household's retrospectively budgeted income and deductions to determine the household's benefit level for the first two months the new member is added to the household. The entire household shall be retrospectively budgeted in the third and subsequent months. If the new member had been providing income to the household on an ongoing basis prior to becoming a member of the household and that new member's income had been budgeted retrospectively, the CWD shall exclude the previously provided income in determining the household's issuance month benefits and eligibility.
- (MR) 1. The CWD shall add a previously excluded member's income (an individual who was disqualified for an IPV or failure to comply with workfare or work requirements, was ineligible because of failure to comply with the social security number requirement, or was previously an ineligible alien), retrospectively. The previously excluded member shall be added to the household the month after the disqualification period ends. All other previously excluded members such as SSI/SSP individuals or ineligible students, shall have his/her income added prospectively in accordance with the procedures in paragraph (a) of this section.
- (MR) (c) The CWD shall notify the household as specified in Section 63-504.26, if the new member's income and resources make the household ineligible or result in a reduction or increase in benefits.

- (MR) .354 If the household reports the addition of a new member after the extended filing date for the appropriate month, the CWD shall determine the effect of the new member's income, resources, and deductions on the existing household's eligibility and benefit level.
- (MR) (a) The CWD shall prospectively budget the income and deductions of the new member for the first two months following the month in which the new member should have been included as a member of the household. The CWD then shall follow the budgeting procedures as specified in Section 63-504.353(b).
- (MR) (b) The CWD shall establish a claim against the household, in accordance with Section 63-801, to recover any overissuances resulting from the unreported addition of the household member.
- (MR) (c) The household shall not be entitled to any restoration of lost benefits resulting from the unreported addition of the household member, in accordance with Section 63-802.1.
- (MR) .355 The household shall provide, as specified in Sections 63-300.51 and 63-504.32, the information necessary to complete the determinations of eligibility and benefit levels for the household and the new member(s).
- (MR) (a) If the household refuses to provide the necessary information, their participation shall be terminated as specified in Section 63-505.1.
- (MR) (b) If the household fails to provide the necessary information regarding the new member on the CA 7 for the budget month in which the change was reported, the CA 7 is considered incomplete and the household's participation shall be terminated as specified in Section 63-504.361(b).
- (MR) .356 The income and specific deductions of a member leaving the household shall be disregarded when determining the household's eligibility and benefit level for the month following the month in which the change was reported. The household shall be sent a notice of action as specified in Section 63-504.26 if the household's allotment increases or decreases. The remaining household members' benefit level shall continue to be retrospectively budgeted.

(MR) .357 If a household reports a change outside of the CA 7, the CWD shall evaluate the effect of the change on the household's eligibility and benefit level. Regardless of the effect, the CWD shall inform the household to include the information on the next month's CA 7 and inform the household of any additional verification requirements.

(MR) (a) If the change results in the household's ineligibility, the CWD shall terminate the household's participation effective the first issuance month following the timely notice of the termination.

(MR) (b) Except for the addition of a household member, if the change affects the benefit level, the CWD shall note the information in the case file, reflect the change in the corresponding issuance month and notify the household as specified in Section 63-504.26.

(MR) .36 Termination

(MR) .361 The CWD shall terminate a monthly reporting household's participation in the Food Stamp Program if the household:

(MR) (a) Is no longer eligible for Food Stamps or a change in household circumstances makes the household prospectively ineligible for one or more months, except if the household is suspended as specified in Sections 63-504.371 or .372. The household shall be notified as specified in Section 63-504.261.

(MR) (b) Fails to submit a complete CA 7 by the extended filing date. The household shall be notified as specified in Section 63-504.27.

(MR) (c) Fails to comply with a nonfinancial eligibility requirement, such as the work registration requirements. The household shall be notified as specified in Section 63-504.261.

(MR) (d) Requests the termination in writing. The household shall be notified as specified in Section 63-504.267(f).

(MR) .362 If a household whose participation has been terminated reapplies in the month following termination, the household shall be required to provide the CA 7 which is due in the month following termination. If the household's participation was terminated for failure to submit a complete CA 7 by the extended filing date, they

also shall be required to submit the missing CA 7(s) and complete an application. The application shall be processed as an untimely application for recertification. If the household fails to provide the CA 7(s), the reapplication shall be denied.

- (MR) .363 If a household whose participation has been terminated submits a complete CA 7 after the issuance month, the household shall be required to complete an application and the CWD shall consider it as an initial application.
- (MR) .37 Suspension
 - (MR) .371 The CWD shall suspend a household, in the issuance month corresponding to the budget month in which the change occurred, if receipt of an additional routine check (third check for those paid biweekly and fifth check for those paid weekly) results in a period of ineligibility lasting no more than one month.
 - (MR) .372 For changes that could not be or were not anticipated by the household or the CWD and that result in a one-month period of ineligibility, the CWD shall suspend the household for the issuance month corresponding to the budget month in which the change occurred.
 - (MR) (a) Excess resources shall not be counted if they are reduced to the resource limit in the month received.
 - (MR) (b) If a suspended household experiences an unanticipated change resulting in an additional one month period of ineligibility, the CWD shall terminate the household at the end of the month of suspension. If the household reapplies in the month following termination and is prospectively determined to be eligible for benefits, the CWD shall approve the application. If ineligible in the month of reapplication due to retrospective budgeting, the CWD shall suspend the household for the month of reapplication and continue to retrospectively budget the household's income and deductions in the subsequent months.
 - (MR) .373 The CWD shall notify the household of the suspension as specified in Section 63-504.264, and supply the household with a CA 7 for the month of suspension.

- (MR) .374 The household shall be required to submit the complete CA 7 by the normal due date. If the household fails to submit the CA 7 by the normal due date, the CWD shall notify the household as specified in Section 63-504.27.
- (MR) .375 If the suspended household fails to submit a complete CA 7 for the month of suspension by the extended filing date, the CWD shall terminate the household's participation.
- (MR) .376 Retrospective budgeting shall be used to calculate the household's benefit level in the month following suspension, if the household is eligible to participate in the Food Stamp Program.
- (MR) .38 Issuance of Benefits
 - (MR) .381 Timely Issuance

The CWD shall issue benefits by the household's regular issuance date, to an eligible household which has filed a complete CA 7 by 10 days before the end of the report month.
 - (MR) .382 Delayed Issuance

If an eligible household fails to file a complete CA 7 after 10 days before the end of the report month, but files a complete CA 7 by the extended filing date, the CWD shall issue the household's benefits as soon as administratively feasible. However, if necessary the CWD may delay providing the household an opportunity to participate up to 10 days after its normal issuance date. (Continued)
- .4 Section 63-504.4(MR) shall become inoperative and Section 63-504.4(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
- (MR) Effecting Changes for Nonmonthly Reporting Households
- (QR) Effecting Changes for Change Reporting Households (Continued)
 - .42 Section 63-504.42(MR) shall become inoperative and Section 63-504.42(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
 - (MR) Action on Reported Changes for Prospectively Budgeted Households

(QR) Action on Reported Changes in Change Reporting Households
(Continued)

.43 Section 63-504.43(MR) shall become inoperative and Section 63-504.43(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Nonmonthly Reporting Households Receiving PA Benefits

(QR) Change Reporting Households Receiving PA Benefits

.431 (Continued)

.432 Section 63-504.432 et seq.(MR) shall become inoperative and Section 63-504.432 et seq.(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The CWD shall use the CA 7 as the Food Stamp report form for PA households. The CWD shall ensure that the following requirements are met for PA households not subject to food stamp monthly reporting:

- (a) These households shall not have their eligibility terminated or allotments changed merely because they fail to submit one or more of the system's regular reports. If a household's PA benefits are terminated due to the household's failure to submit a timely or complete CA 7, the CWD shall follow the procedures set forth in Section 63-504.435.
- (b) These households shall be considered to have timely reported changes if the CA 7 is submitted within the time frames for submitting a timely CA 7 or the change was reported within 10 days of the date the change became known to the household, whichever is later.
- (c) The CWD shall not restrict these households to reporting changes only on the CA 7. These households shall be allowed to report changes on the CA 7, in person or by telephone.
- (d) The CWD shall act on all changes reported on the CA 7, in accordance with the processing standards in Section 63-504.42. The CWD shall ensure that adjustments are made

in a household's eligibility or allotment only for those months in which the reported change is anticipated to remain in effect.

(QR) The CWD shall use the QR 7 as the food stamp report form for PA households. The CWD shall ensure that the following requirements are met for PA households not subject to food stamp QR:

- (a) These households shall not have their eligibility terminated or allotments changed merely because they fail to submit one or more of the system's regular reports. If a household's PA benefits are terminated due to the household's failure to submit a timely or complete QR 7, the CWD shall follow the procedures set forth in Section 63-504.435.
- (b) These households shall be considered to have timely reported changes if the QR 7 is submitted within the time frames for submitting a timely QR 7 or the change was reported within 10 days of the date the change became known to the household, whichever is later.
- (c) The CWD shall not restrict these households to reporting changes only on the QR 7. These households shall be allowed to report changes on the QR 3 or QR 377.5, in person or by telephone.
- (d) The CWD shall act on all changes reported on the QR 7, in accordance with the processing standards in Section 63-504.42. The CWD shall ensure that adjustments are made in a household's eligibility or allotment only for those months in which the reported change is anticipated to remain in effect. (Continued)

.5 Sections 63-504.5 through .512(MR) shall become inoperative and Sections 63-504.5 through .512(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Procedures for Households Changing Their Reporting and Budgeting Status
(Continued)

(QR) Procedures for Households Changing Their Reporting Status

.51 Households which become subject to QR/PB

The CWD shall change the status of households which become subject to QR/PB beginning with the first month following the change in household circumstances which results in a change in the household's QR/PB status. The following conditions shall apply:

.511 The CWD shall provide the household with information as specified in Section 63-300.41. If the CWD implements the change during the certification period, it may omit the verbal explanations for QR/PB.

.512 The CWD shall not require the household to submit a QR 7 ~~during~~ for any month in which the household was subject to change reporting requirements.

.52 Section 63-504.52(MR) shall become inoperative and Section 63-504.52(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The CWD shall use the following procedures to remove households from the monthly reporting/retrospective budgeting system.

(QR) The CWD shall use the following procedures to remove households from the QR/PB budgeting system.

.521 Section 63-504.521(MR) shall become inoperative and Section 63-504.521(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) For any household which becomes exempt from the monthly reporting/retrospective budgeting system as specified in Section 63-505.21, the CWD shall notify the household within 10 days of the date the CWD becomes aware of the change that: (Continued)

(QR) For any household which becomes exempt from the QR/PB budgeting system as specified in Section 63-505.21, the CWD shall notify the household within 10 days of the date the CWD becomes aware of the change that:

(a) The household has become exempt from QR and is no longer required to file any future QR 7s. This does not apply to households in which one or more household members are in receipt of cash aid from programs such as

CalWORKs, CA/GR, RCA or ECA which do require a quarterly report.

(b) The change in budgeting will go into effect.

.522 Section 63-504.522(MR) shall become inoperative and Section 63-504.522(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The CWD shall begin determining the household's benefits prospectively in the first month that the household is no longer required to file a CA7.

(QR) The CWD shall begin determining the household's benefits using change reporting rules the first month following the status change from QR to change reporting. (Continued)

.6 Recertification of All Households

.61 General Requirements (Continued)

(c) Timely Application for Recertification

(1) Section 63-504.61(c)(1)(MR) shall become inoperative and Section 63-504.61(c)(1)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Monthly reporting households which file a complete CA 7 on or before the 11th of the last month of the certification period, and an application no later than the recertification interview shall be considered to have made a timely application for recertification.

(QR) QR households which file a complete QR 7 on or before the 11th of the last month of the certification period, and an application no later than the recertification interview shall be considered to have made a timely application for recertification.

(2) Section 63-504.61(c)(2)(MR) shall become inoperative and Section 63-504.61(c)(2)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) All nonmonthly reporting households, except those provided a notice of action informing them of the expiration of their certification period at the time of certification, who file applications by the 15th day of the last month of the certification period shall be considered to have made a timely application for recertification.

(QR) If the certification period ends in the QR Submit Month,
~~All~~ change reporting households, except those provided a notice of action informing them of the expiration of their certification period at the time of certification, who file applications by the 15th day of the last month of the certification period shall be considered to have made a timely application for recertification.

(3) Section 63-504.61(c)(3)(MR) shall become inoperative and Section 63-504.61(c)(3)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Nonmonthly reporting households provided a notice of action informing them of the expiration of their certification period at the time of certification shall have 15 days from the date the notice is received to file a timely application for recertification.

(QR) Change reporting households provided a notice of action informing them of the expiration of their certification period at the time of certification shall have 15 days from the date the notice is received to file a timely application for recertification. (Continued)

.62 Section 63-504.62(MR) shall become inoperative and Section 63-504.62(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) CWD Action on Timely Reapplications By Monthly Reporting Households

(QR) CWD Action on Timely Reapplications by Quarterly Reporting Households

- .621 Section 63-504.621(MR) shall become inoperative and Section 63-504.621(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
- (MR) The CA 7 shall be mailed to the household at the normal mailing time or along with the notice of action informing them of the expiration of their certification period. Return of both the CA 7 and the application is required to complete the recertification.
(Continued)
- (QR) If the certification period ends in the QR Submit Month, ~~The~~ QR 7 shall be mailed to the household at the normal mailing time or along with the notice of action informing them of the expiration of their certification period. Return of both the QR 7 and the application is required to complete the recertification.
- (a) The QR 7 shall be submitted and completed as specified in Section 63-508.66. (Continued)
- (b) The application form shall be submitted to the CWD no later than the time of the interview.
- (c) If the household has not previously filed a complete QR 7, the household may submit it at the interview. In no event shall the reapplication be considered timely if a complete QR 7 is submitted after the 11th of the last month of the certification period.
- .622 Section 63-504.622(MR) shall become inoperative and Section 63-504.622(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
- (MR) The CWD shall: 1) recertify the household using information on the CA 7 for the corresponding budget month to determine the household's benefit level for the first month of the new certification period; 2) delay reflecting information from the recertification interview affecting the household's benefit level until the second month of the new certification period if necessary to continue retrospective budgeting; and 3) continue to determine the household's prospective eligibility in accordance with Section 63-503.321.

(QR) When certification falls in the same month as the QR Submit Month, the CWD shall: 1) recertify the household using information on the QR 7 for the corresponding Data Month and information received during the certification interview to determine the household's benefit level for the first Payment Quarter of the new certification period and, 2) continue to determine the household's prospective eligibility. If the CWD establishes a certification of benefits other than in the Submit Month, the CWD must take action mid-quarter based on information received during the certification to discontinue, increase or decrease benefits, regardless of QR rules. (Continued)

.624 Section 63-504.624(MR) shall become inoperative and Section 63-504.624(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Households that receive a notice of action informing them of the expiration of their certification period shall be subject to the verification requirements specified in Section 63-504.3 for information provided on the CA 7. These households shall not be subject to the other CA 7 processing provisions specified in Section 63-504.3 in the last month of the certification period. The recertification provisions specified in Section 63-504.6 are in effect in this month.

(QR) Households that receive a notice of action informing them of the expiration of their certification period shall be subject to the verification requirements specified in Section 63-504.6 for information provided on the QR 7. (Continued)

.63 Section 63-504.63(MR) shall become inoperative and Section 63-504.63(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Process for Recertifying Nonmonthly Reporting Households (Continued)

(QR) Process for Recertifying Change Reporting Households

.7 (Continued)

Authority Cited: Sections 10553, 10554, 10604, 11265.1, .2 and .3, 11369, 18904, and 18910, Welfare and Institutions Code.

Reference: Sections 10554, 11265.1, .2, and .3, 18904, and 18910, Welfare and Institutions Code; 7 Code of Federal Regulations (CFR) 271.2; proposed 7 CFR 273.2(f)(1)(xii) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994, (f)(8)(i); (f) (8)(i)(A) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994; (f)(8)(ii), (h), and (h)(1)(i)(D), 7 CFR 273.2(j)(3) and (4); 7 CFR 273.8(b); 7 CFR 273.9(d)(6)(iii)(F), 7 CFR 273.10(d)(4), (f), (g)(1)(i) and (ii); 7 CFR 273.12(a)(1)(i)(A), (a)(1)(i)(B), and (a)(1)(i)(C)(2); proposed 7 CFR 273.12(a)(1)(vi) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994, and (c); 7 CFR 273.12(e)(1), (e)(2), and (e)(4); 7 CFR 273.13(a)(2); 7 CFR 273.13(b)(1); 7 CFR 273.14; 7 CFR 273.14(b)(3) and (e); 7 CFR 273.18(e)(6)(ii); 7 CFR 273.21(e)(1), (f)(1)(iii), (f)(1)(iv)(B), (f)(2)(v), (h)(2)(iv), proposed (h)(2)(ix) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994, (h)(3)(ii), (i), (j), (j)(1)(vi), (j)(1)(vii)(A) and (r), (j)(2)(iii), (j)(3)(ii), (j)(3)(iii)(B), (j)(3)(iii)(C), and proposed (j)(3)(iii)(E) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994; 7 CFR 274.10; Public Law (P.L.) 100-435, Section 351, P.L. 101-624, and P.L. 103-66; Section 1717, [7 U.S.C. 2014(e)]; 7 U.S.C. 2014(d)(7) and 2017(c)(2)(B); U.S.D.A. Food and Consumer Services, Administrative Notices 94-39 and 97-50; P.L. 104-193, Sections 801, 807 and 827 (Personal Responsibility and Work Opportunity Reconciliation Act of 1996); Federal Nutrition Service Quarterly Reporting/Prospective Budgeting waiver approval dated April 1, 2003; Federal Administrative Notice 97-99, dated August 12, 1997; United States Department of Agriculture (USDA), Food and Nutrition Service (FNS) Administrative Notice (AN) 02-23, dated February 6, 2002; and USDA FNS AN 03-23, dated May 1, 2003.

1. Amend Section 63-505 to read:
2. Post-Hearing: Amend Section 63-505 to read:
3. 15-Day Renote: Amend Section 63-505 to read:

63-505 HOUSEHOLD RESPONSIBILITIES (Continued)

63-505

- .2 Section 63-505.2(MR) shall become inoperative and Section 63-505.2(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Monthly Reporting/Retrospective Budgeting Households (Continued)

(QR) Quarterly Reporting/Prospective Budgeting Households

All households participating in the Food Stamp Program except as provided in Section 63-505.21, shall report household circumstances quarterly on the QR 7 as a condition of eligibility. QR households will also be required to report changes as specified in Sections 63-508 and 63-509.

- .21 Section 63-505.21(MR) shall become inoperative and Section 63-505.21(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The following households shall be excluded from monthly reporting and retrospective budgeting. See Section 63-504.43 for those households receiving PA. (Continued)

(QR) The following households shall be excluded from QR. See Section 63-504.43. (Continued)

- .3 Sections 63-505.3 through .34(MR) shall become inoperative and Sections 63-505.3 through .34(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Reported Information for Monthly Reporting Households (Continued)

(QR) Reported Information for QR Households

Households shall report on a quarterly basis, the following information about the household.

- .31 Data Month income, except as specified in Section 63-505.311, shelter and utility costs when there is a ~~move~~ change of address, ~~child dependent~~ care costs, the amount of child support payments made to a nonhousehold member as specified in Section 63-502.37, household composition, anticipated income and expense changes for the upcoming QR Payment Quarter and other relevant information required for a complete QR 7.
- .311 Households need not report the receipt or amount of any PA, FC, GA, RCA, ECA or child/spousal support disregard payments paid by the CWD from which the household is receiving food stamp benefits.
- .32 ~~Any changes in income, shelter and utility costs when there is a move change of address, child care costs, a change in the legal obligation to pay child support payments to a nonhousehold member, resources or other relevant circumstances affecting eligibility which the household expects to occur in the upcoming Payment Quarter or which occurred in the Data Month as asked for on the QR 7 since the last Data Month and any expected over the next three months.~~
- .33 For food stamp purposes, households need not provide PA only information requested on the Quarterly Report (QR 7).
- .34 A reduction ~~of work effort~~ in hours worked to less than 20 hours per week, or ~~averaged monthly~~ 80 hours ~~a month~~ averaged monthly, for purposes of determining whether an ABAWD has satisfied the work requirement defined in Section 63-410-2.
- .4 Section 63-505.4(MR) shall become inoperative and Section 63-505.4(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Verification Responsibilities for Monthly Reporting Households (Continued)

(QR) Verification Responsibilities for Quarterly Reporting Households

- .41 Section 63-505.41(MR) shall become inoperative and Section 63-505.41(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
- (MR) The CWD may request verification be submitted for any item that has changed or appears questionable. Monthly reporting households shall provide verification of the following information reported on the CA 7: (Continued)

(g) (Continued)

(QR) The CWD may request verification be submitted for any item that has changed or appears questionable. QR households shall provide verification of the following information reported on the QR 7:

- (a) Gross nonexcluded earned income each month; nonexcluded unearned income and the source of excluded income when first reported and when there is a change, except as specified in Sections 63-504.325(a) and 63-505.311.
- (b) Dependent care costs when there is a change in the source or amount and when there is questionable information which is inaccurate, incomplete, outdated or inconsistent.
- (c) If the household voluntarily reports a change in its medical expenses, the CWD shall verify the change as specified in Section 63-504.421 before acting on it if the change increases the household's allotment. In the case of a reported change that decreases the household's allotment, or makes the household ineligible, the CWD shall act on the change without requiring verification, although verification which is required as specified in Section 63-504.421 shall be obtained prior to the household's recertification.
- (d) Utility costs which entitle the household to the standard utility allowance (SUA), when first allowed and when the household moves.
- (e) Utility costs, if the household is claiming actual expenses, when first allowed as a deduction and when the household moves;
- (f) Residency as defined in Section 63-401 when there is a change, except for categorically eligible households.
- (g) Social Security Number, except for PA categorically eligible households;
- (h) Section 63-505.41(h)(MR) shall become inoperative and Section 63-505.41(h)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
- (MR) Actual cost of doing business expenses, if self-employed, with each CA 7.

(QR) Actual cost of doing business expenses, if self employed, with each QR 7.

(i) (Continued)

.5 Section 63-505.5(MR) shall become inoperative and 63-505.5(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Reporting Changes for Households Excluded from Monthly Reporting Requirements (Continued)

(QR) Reporting Changes for Households Excluded from Quarterly Reporting Requirements (Continued)

.52 Section 63-505.52(MR) shall become inoperative and Section 63-505.52(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Timeliness Requirement for Reporting Changes of Nonmonthly Reporting Households (Continued)

(QR) Timeliness Requirement for Reporting Changes of Change Reporting Households (Continued)

Authority Cited: Sections 10553, 10554, 10604, 11265.1, .2 and .3, 11369, 18904, and 18910, Welfare and Institutions Code.

Reference: Sections 10554, 10830, 11265.1, .2, and .3, 18904, and 18910, Welfare and Institutions Code; 7 CFR 272.4(f); 7 CFR 273.2(j)(3) and (4); 7 CFR 273.10(d)(4); 7 CFR 273.11(a)(2)(iii); 7 CFR 273.12, (a)(1)(i), (a)(1)(i)(A), (a)(1)(i)(B), (a)(1)(i)(C)(2), and proposed .12(a)(1)(vi) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994; 7 CFR 273.2(d); proposed 7 CFR 273.2(f)(1)(xii) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994; 7 CFR 273.21(b), (b)(4), (f)(2)(v), (h)(2)(iv), proposed (h)(2)(ix) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994, (h)(3), and (i); 7 CFR 273.12(a)(1)(vii); 7 CFR 273.24 (a)(1)(i) and (b)(7); P.L. 100-435, Section 351; P.L. 101-624, Section 1717 [7 U.S.C. 2014(e)] and Section 1723 [7 U.S.C. 2015(c)(1)(A)]; P.L. 102-237, Section 908 [7 U.S.C. 2016(h)(1)]; Food and Consumer Services Administrative Notice 96-13, dated December 7, 1995; United States Department of Agriculture, Food and Nutrition Service Administrative

Notice 03-23, dated May 1, 2003; Letter from Food and Consumer Services to Fred Schack, dated March 25, 1996; Food Stamp Act of 1977; and Federal Nutrition Service Quarterly Reporting/Prospective Budgeting waiver approval dated April 1, 2003.

1. Adopt Section 63-508 to read:
2. Post Hearing: Amend Section 63-508 to read:
3. 15-Day Renotice: Amend Section 63-508 to read:

63-508 QUARTERLY REPORTING

63-508

This section (QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

- .1 General Quarterly Reporting Process
 - .11 Eligibility and benefit amounts will be redetermined on a quarterly basis from information reported by the recipient on the Quarterly Eligibility/Status Report (QR 7), using PB as specified in this section.
 - .12 An income/eligibility report (QR 7) will be required to be submitted once per quarter (in the third month of the quarter).
 - .13 Recipients will have mandatory reporting requirements during the quarter, also known as mid-quarter changes.
 - .131 For public assistance households
 - (a) Changes of address.
 - .132 For non-assistance households
 - (a) Changes of address
 - (b) Work hours for ABAWD individuals
 - .14 Generally, benefits are frozen for the three months of the quarter:
 - .141 Circumstances under which benefits may be adjusted during the quarter are:
 - (a) When a voluntary recipient mid-quarter report results in increased benefits;
 - (b) When a mandatory recipient mid-quarter report results in a decrease or discontinuance of benefits;
 - (c) When an individual or household requests discontinuance;
or

(d) When a county-initiated action results in decreased benefits.

.15 Benefits shall not be decreased or discontinued during the quarter except as specified in this section.

.2 Quarterly Reporting Cycle

.21 The QR cycle is comprised of three consecutive months. The three months constitute a QR Payment Quarter. The terminology to describe the months and the quarter of an individual QR cycle are:

.211 QR Data Month: the month for which the recipient reports all information necessary to determine eligibility. The QR Data Month is the second month of each quarter.

.212 QR Submit Month: the month in which the QR 7 is required to be submitted to the CWD. This month immediately follows the QR Data Month and is the third month of each quarter.

.213 QR Payment Quarter: the quarter in which benefits are paid/issued in the three-month period immediately following the QR Submit Month.

.214 QR Reporting Period: the Submit Month prior to the current QR Payment Quarter, the first month of the current QR Payment Quarter, and the Data Month of the current QR Payment Quarter.

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The following table illustrates how months are arranged in a QR cycle.

			2 nd Quarter		
January	February	March	April	May	June
1 st Month of the Quarter	QR Data Month	QR Submit Month	QR Payment Quarter		

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.22 Aligning Reporting Cycles

Instances will occur when reporting cycles between the CalWORKs program and the Food Stamp Program could vary and may need to be aligned together. The general rule for doing this is for the CalWORKs

program to align its cycle with an existing food stamp household's reporting cycle, and for both programs to align their redeterminations and recertifications in the QR Submit Month. There may also be instances where the Food Stamp Program can align a reporting cycle to an existing CalWORKs reporting cycle.

- .221 Reporting cycles may be aligned between the Food Stamp Program and the CalWORKs program.
- .222 When an existing Food Stamp Program cycle has been established and a new CalWORKs application is approved, the CalWORKs program shall, whenever possible, align its reporting cycle to the existing Food Stamp Program.
- .223 The Food Stamp Program may align its recertification period with the CalWORKs redetermination date by lengthening the household's certification period, providing the certification period does not exceed a 12-month period as specified in Section 63-504.16.
- .224 The household's recertification period cannot be shortened, as provided in Section 63-504.15, solely to align the recertification with the CalWORKs redetermination period.
- .225 If the recertification is not aligned with the CalWORKs redetermination date, the CWD shall determine eligibility and take action mid-quarter to increase, decrease or discontinue benefits as specified in Section 63-504.6 and as determined by the CWD based on information reported on the recertification form and by the recipient.

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- (a) CalWORKs is active without an accompanying food stamp case. A food stamp application is approved mid-quarter in February, in a January/February/March quarter. Action on the food stamp case is to align to the existing CalWORKs reporting cycle and redetermination date which shall not exceed a 12-month duration. The household will be instructed to return the QR 7 by the 5th of March, the QR Submit Month. Both program reporting cycles are now aligned. The CWD will anticipate the household's income for February and March and average income over the two "start-up" months.

- (b) The same case as above, except the food stamp application is approved in January. The household is instructed to return the QR 7 by March 5th. The two program reporting cycles are now aligned. The CWD will anticipate income through the month of March, the QR 7 Submit Month. Income is averaged over the quarter. The January food stamp allotment is pro-rated because January is an application month.
- (c) The same case, except the food stamp application is approved in March. The household is instructed about their reporting cycle and that the QR 7 must be returned by June 5th. Both programs now have the same reporting cycle. The CWD will use actual/reasonably anticipated income received in March to determine benefits for March (i.e., the household received \$300 UIB in March, so \$300 is budgeted for March). The CWD will then anticipate the household's income through June, the upcoming quarter's Submit Month.

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.3 Quarterly Reporting Form – Quarterly Eligibility/Status Report (QR 7)

The CWD, at the time of the application interview, shall determine which households are subject to QR requirements. The CWD shall provide all QR households with the QR 7 for reporting the information and changes required by Section 63-508.4. The CWD shall provide assistance in completing and filing the QR 7 to households whose adult members are all either mentally or physically disabled, non-English speaking or lacking in reading and writing skills such that they cannot complete and file the QR 7. The CWD shall require QR households to submit a complete QR 7 by the 5th of each Submit Month. Recipient due dates and CWD time limits shall be modified by Section 63-102(c).

- .31 CWDs shall ensure that households receive the QR 7 at the end of each QR Data Month and no later than the first day of each QR Submit Month. Information reported on the QR 7 shall be used to determine eligibility and to prospectively budget income to determine the benefit level for the upcoming QR Payment Quarter.
- .32 CWDs must ensure that QR recipients provide information and answers to all questions and items on the QR 7 and attest, under penalty of perjury, that they have truthfully reported all required information.

- .321 Recipients will be required to report all income received for the QR Data Month, any changes in household composition or property since the ~~submission of the last QR 7~~ last Data Month and any changes in income the recipient anticipates will occur in the upcoming QR payment quarter.
- .322 Upon receiving the QR 7 the CWD shall:
- (a) Review the report to ensure completeness and consider the report incomplete if it does not meet the criteria for a complete QR 7, as defined in Section 63-508.4.
 - (b) Determine those items which will require additional verification and/or clarification.
 - (c) Notify the household, as specified in Section 63-508.6, of the need to correct an incomplete or inaccurate QR 7, and/or submit additional verification/clarification, as required by Section 63-508.613.
 - (d) Determine the household's eligibility prospectively by considering all factors, including income, in accordance with Section 63-508.4.
 - (e) Determine the household's level of benefits for that next QR Payment Quarter based on information reported on the QR 7, including anticipated income for that QR Payment Quarter, and household composition determined as of the Data Month. In calculating the household's benefit level, the following income and deductions shall be considered:
 - (1) Nonexcluded earned and unearned income received in the corresponding Data Month and any anticipated changes for the next ~~AR~~ QR Payment Quarter, including the earned income of an elementary or secondary school student only if the student is 18 years of age or older at the beginning of the Data Month. The CWD shall use the actual/reasonably anticipated amount received by the household to compute benefits, except as provided in Section 63-503.22.

- (2) Allowable deductions as billed or averaged from the corresponding payment quarter or as averaged over the certification period, including those shelter costs billed less often than monthly which the household has chosen to average.

- (f) Issue benefits, in accordance with the time frames set forth in Section 63-508.63.

.4 Completeness Criteria for the QR 7

The CWD shall consider the QR 7 complete if all of the following requirements are met.

- .41 The QR 7 is dated no earlier than the first day of the Submit Month.
 - .411 This requirement shall be met when the date entered on the QR 7, together with other dated material provided with the QR 7, and the date on which the CWD mailed or gave the QR 7 to the household clearly established the month and year to which the QR 7 applies.
 - .412 This requirement shall not apply when:
 - (a) The first day of the Submit Month falls on a non-postal delivery day;
 - (b) The QR 7 is mailed by the CWD for delivery on the last postal delivery day of the Data Month; and
 - (c) The recipient signs and dates the QR 7 on or before the last day of the Data Month.
- .42 The QR 7 provides the CWD with address (location) information sufficient to locate the household, however, households which do not have a fixed address shall not have their QR 7s rendered incomplete solely for this reason.
- .43 The QR 7 is signed by the head of the household, authorized representative, or responsible household member. The PA caretaker relative, natural or adoptive parent, if not one of the above, shall not satisfy this requirement.

.44 All questions and items pertaining to food stamp eligibility are fully answered and provide the CWD with the information to correctly determine eligibility and benefit level, except the CWD shall not consider the QR 7 incomplete if information regarding child/spousal support disregard payments had not been included.

.441 To be considered fully answered, information on the QR 7 together with attached documentation must provide sufficient information to allow for the determination of eligibility and/or benefit level.

.442 Questions on the QR 7 shall not be considered fully answered if situations such as, but not limited to the following exist:

(a) The QR 7 does not include information on changes that the household has previously reported to have occurred; for example, ~~and~~ an actual change that the household reported to the CWD by telephone mid-quarter was not included on the QR 7.

(b) The QR 7 does not include information that was reported on the previous QR 7 and the household does not indicate a change has occurred (e.g., the household previously reported earnings from two sources and only reported income from one source on the current QR 7).

(c) If elements pertaining to one program's requirements are missing from the QR 7, the QR 7 shall be considered incomplete for that program only.

(d) The CWD shall not consider the QR 7 incomplete if information regarding child/spousal support disregard payments has not been included.

.45 Verification is provided for gross nonexcluded earned income and nonexcluded unearned income for the Data Month when first reported and when there is a change in the amount of income received except as specified in Sections 63-504.325(a) and 63-505.311.

.451 For child/spousal disregard payments, the agency record shall be the verification.

.46 Verification is provided for the source of all excluded income when first reported on the QR 7 and any change in the source of the income.

.5 Timely and Late Quarterly Reports

- .51 The QR 7 is due by the 5th of the Submit Month and is considered timely if it is received by the 11th calendar day of the QR Submit Month but not before the first calendar day of the QR Submit Month.
- .52 The QR 7 is late if it is received after the 11th day of the QR Submit Month.
- .53 The household shall be terminated from receipt of food stamp benefits if:
 - .531 There is no longer eligibility for food stamps in the upcoming Payment Quarter;
 - .532 A complete QR 7 is not submitted by the 1st working day of the new Payment Quarter;
 - .533 There is failure to comply with a non-financial eligibility requirement, such as the work registration requirements; or
 - .534 Termination of benefits is requested in writing.

.6 QR 7 Not Received or is Incomplete

The CWD shall provide a notice of action to a QR/PB reporting household which fails to file a QR 7 by the 11th day of the Submit Month or files an incomplete QR 7.

- .61 The notice of action shall inform the household:
 - .611 That the QR 7 either is overdue or incomplete;
 - .612 What the household must do to complete the QR 7;
 - .613 If any verification is missing and the effect on the household's benefits level;
 - .614 That the SSN of a new member must be reported;
 - .615 What the extended filing date is; and
 - .616 That the CWD will assist the household in completing the report.

- (a) If the household submits a QR 7 by the date the CWD mails the notification of the missing QR 7, but fails to provide the required verification/information with the QR 7, the CWD shall notify the household of the need to submit the missing verification and/or information by the extended filing date as specified in Section 63-508.44(b).

The CWD shall not delay benefits if the missing verification/information is for a deduction. If the household fails to provide the missing verification and/or information, other than for income, by the extended filing date, the CWD shall not consider the QR 7 incomplete. Any deductions for which the verification/information is missing shall be disallowed.

- (b) The household shall provide with the QR 7 verification of the following items:
 - (1) Dependent care costs which have changed since the last report or when there is questionable information which is inaccurate, incomplete, outdated, or inconsistent;
 - (2) If the household voluntarily reports a change in its medical expenses and fails to verify the change, and that change would increase the household's allotment, the CWD shall not make the change. The CWD shall act on reported changes without requiring verification if the changes would decrease the household's allotment or make the household ineligible, although verification which is required shall be obtained prior to the household's recertification.
 - (3) All expenses incurred in producing self-employment income;
 - (4) Residency as defined in Section 63-401 when there is a change;
 - (5) Social Security numbers or citizenship or non-citizen status for household members when there is a change.

(6) A change in the legal obligation to pay child support to a person not in the food stamp household and/or an increase in the amount of child support payments.

(c) The CWD may elect to require verification of housing costs when first allowed as a deduction and when there is an move address change.

(d) If the household submits information and/or verification with the QR 7 which the CWD determines to be questionable, the CWD shall notify the household as specified in Section 63-508.62. The household shall be allowed until the extended filing date to submit the necessary verification/clarification.

(e) The CWD shall contact the household as needed to obtain further information on specific items. These items include, but are not limited to:

(1) The effect of a reported change in resources on a household's total resources; and

(2) The effect of a reported change in household composition or loss of job or source of earned income on the applicability of the work registration or voluntary quit requirements.

.62 The CWD shall send the notice of action no later than 10 days before the end of the Submit Month and give the household until the extended filing date, as specified in Section 63-508.63, to file a complete QR 7. If a complete QR 7 is received after the 11th of the Submit Month, but prior to the mailing of the notice, the notice shall not be sent. If a household responds to the notice of action by submitting an incomplete QR 7, the CWD need not provide a second notice to the household.

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.621 Under the Saldivar v. McMahon court order, CWDs are to continue to provide timely and adequate notice.

.622 The recommended CDSS-developed forms to use in notifying households of a missing or incomplete QR 7 are the NA 960X or NA 960Y, respectively, or a county substitute containing all notice requirements.

- .623 Under QR/PB rules, an overissuance (O/I) will be established when the CWD is unable to decrease benefits due to the 10-day noticing provisions.

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- .63 After notifying the household, the CWD shall allow the household until the extended filing date to file a complete QR 7.
- .631 The household's participation shall be terminated effective the end of the ~~report~~ Submit ~~m~~Month, if the household fails to file a complete QR 7 by the extended filing date.
- .632 If the household does not submit a complete QR 7 by the extended filing date, the discontinuance remains in effect and the recipient must reapply for food stamp benefits, unless good cause is established.
- .64 Good Cause for Failure to Submit the QR 7
- .641 If the household reapplies for benefits in the calendar month following discontinuance for failure to submit a QR 7, the CWD shall determine if the recipient had good cause for failure to submit a complete and timely QR 7 for the previous quarter.
- .642 Good cause must be determined using the criteria listed under Section 40-181.23 in the CalWORKs program.
- .643 If the CWD determines that the household had good cause for failing to submit the QR 7 by the extended filing date, the CWD shall rescind the discontinuance action and determine food stamp eligibility and benefit amount based on the information on the QR 7. The recipient's QR cycle remains unchanged.
- .644 Once a full calendar month has passed since the QR 7 discontinuance date, the household may not claim good cause and must reapply for benefits.
- .645 If information reported on the QR 7 results in a decrease in benefits, the CWD must provide 10-day notice before taking action to decrease benefits.
- (a) Once good cause has been determined and the discontinuance rescinded, benefits must be released to the household at the previous higher amount until a 10-day notice can be sent to the recipient.

- (b) An overissuance will be established when benefits are released at a previous higher level as a result of the CWD's inability to decrease benefits without 10-day notice.

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Example: A household is receiving \$200 in food stamp benefits. In the October/November/December quarter, the Mother fails to submit her QR 7 for the month of November by December 11. After sending an appropriate discontinuance notice, the household still does not submit a QR 7. Benefits are discontinued effective December 31.

The household comes in on January 4 to reapply for aid. The CWD determines that the household had good cause for not turning in the November QR 7, due to mail delivery and pick up problems in the area. When the household submits the November QR 7, it reports having been approved for UIB in the amount of \$100 per week, which is new income not previously budgeted. With receipt of UIB, the household is eligible to \$100 in food stamp benefits. The CWD must restore benefits at the previous higher level of \$200 because it cannot provide 10-day notice to reduce January's benefits. The CWD must make a mid-quarter adjustment for the Jan/Feb/March Payment Quarter by sending the household a 10-day notice to decrease benefits effective February 1. There is a \$100 O/I for the month of January.

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- (c) If the QR 7 information results in an increase in benefits, and the CWD cannot increase benefits by the first month of the next QR Payment Quarter, a supplement shall be issued for that month and benefits increased for the remaining months of the QR Payment Quarter.

There is no opportunity for the recipient to claim good cause once a full calendar month has passed since the discontinuance date.

.65 Action on Information Reported on the Quarterly Report (QR 7)

Prompt action shall be taken on all reported changes to determine if the reported information affects the household's eligibility and/or benefit level.

.651 The CWD shall use the information on the QR 7 to determine continuing eligibility and benefit amount over the next QR period based on all eligibility factors.

- (a) The QR 7 must provide a report of income received by the household ~~in~~ on the QR 7, any changes in household composition or property since the ~~submission of the~~ last Data Month and any changes in income and medical, ~~child~~ dependent care and child support deductions the recipient anticipates will occur in the upcoming QR Payment Quarter. For treatment of shelter costs, refer to Section 63-509(a)(3)(B).
- (b) Based on the information provided on the QR 7, the CWD shall determine continuing eligibility using PB rules.
- (c) Changes that are reported on the QR 7 and result in an increase or decrease in benefits shall be made effective for the next QR Payment Quarter. Refer to Section 63-509(e)(2) for treatment of information reported on the QR 7 which would result in a voluntary mid-quarter change in the Submit Month.
- (d) Changes that are reported on the QR 7 and result in the household becoming ineligible shall terminate the household's participation effective the end of the Submit Month.

.652 When a recipient has made a voluntary or mandatory mid-quarter report in the current quarter, the information from that mid-quarter report shall be considered part of the case record, regardless of whether it resulted in a mid-quarter benefit change.

.653 When the recipient submits a QR 7 subsequent to a mid-quarter report of a change, CWDs must first review changes reported on the QR 7 to ensure that circumstances reported on the mid-quarter report are also reflected on the QR 7 and should proceed as follows:

- (a) No further action shall be required if the information reported on the QR 7 is consistent with information provided in the voluntary or mandatory report.
- (b) The CWD shall take action to resolve the discrepancy and determine the actual current household situation if the information on the QR 7 is not consistent with information provided in the voluntary or mandatory report. The CWD shall attempt to contact the recipient to resolve the discrepancy. The QR 7 shall be considered incomplete and appropriate noticing actions shall take place if the CWD is unable to contact the recipient or obtain resolution from such contact.

.654 New Household Member Reported on the QR 7

If a new household member is reported on the QR 7, the CWD shall take the following actions:

- (a) To complete the determination of eligibility, the CWD has the option either to require the household to complete the CA 8 or to contact the household to obtain the necessary information for the new member and update the last application.
- (b) If the household is determined eligible based on Data Month information, the CWD shall issue benefits for the new member effective the first of the next QR Payment Quarter. The new member shall be required to comply with the verification requirements specified in Section 63-300.5 and the work registration requirements specified in Section 63-407.
- (c) If the household is determined ineligible based on Data Month information, the CWD shall discontinue benefits after the 10-day notice is provided to the household.
 - (1) If the household was initially determined eligible based on Data Month information, and prior to authorization of benefits, the CWD learns in the Submit Month that the new member is ineligible, that information is considered a mid-quarter voluntary report of a change. However, the individual is considered an excluded household member and resources and income shall be treated as reported on the QR 7 in accordance with Section

63-503.442. The individual remains an excluded individual until a new eligibility determination is made with the next QR 7.

- (2) With receipt of the next QR 7, the excluded individual shall no longer be considered excluded and eligibility for continuing household eligibility shall be based on all Data Month information provided by the household. The former excluded member will ~~continue~~ continue to remain an excluded member only if the requirements of Section 63-503.4 are applicable.
- (3) Benefits for the household shall be discontinued at the end of the next QR Payment Quarter if the household is determined ineligible for benefits based on next quarter's Data Month information.

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Example: The quarter is January/February/March. The father is reported in the home for the first time on the QR 7 received in March indicating that the father is employed part-time. Based on the Data Month information, the father is eligible to be added into the household. On March 5, the CWD learns that the father became fully employed, which will render the household ineligible for benefits; however, the CWD has not yet taken action to authorize benefits for the new member. The information reported on March 5 is considered a mid-quarter voluntary report.

The father becomes an excluded household member and his income reported on the QR 7 is treated as an excluded person's income to determine benefits for the next QR Payment Quarter. His income/property must be reported on the next QR 7 and the father is now treated as a household member. He will be either added to the household at the beginning of the new quarter (July) or, if circumstances have not changed, the household will be discontinued after the 10-day notice is given to the household.

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.655 Treatment of a Previously Disqualified Household Member

A previously disqualified member shall be added to the household beginning the first of the month after the disqualification period ends. If the new member is not eligible to participate, income shall be treated as that of an excluded member as specified in Section 63-503.44. Benefits would be increased if the disqualification ends mid-quarter and would result in a mid-quarter increase.

.66 Resource Eligibility

.661 Resource eligibility is determined once per quarter. Information reported on the QR 7 is used to determine continuing property eligibility for the entire upcoming QR Payment Quarter.

- (a) No assessment of resource eligibility shall be made during the QR Payment Quarter.
- (b) ~~Actions shall not be taken mid-quarter on a voluntarily reported mid-quarter property change~~ can be taken mid-quarter if they do not impact eligibility.
- (c) The household remains eligible for the entire QR Payment Quarter if resources reported on the QR 7 along with resources previously reported do not exceed the resource limit.
- (d) The case shall be discontinued at the end of the QR Submit Month, with timely and adequate notice, if the household exceeds the resource limit based on property that is reported on the QR 7.
- (e) For households that exceed the resource limit on the QR 7, but during the Submit Month the household provides verification that the resources are below the resource limit, the household shall be considered resource eligible for the upcoming QR Payment Quarter. A discontinuance notice shall be rescinded and benefits reinstated for the QR 7 Reporting Period.

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Example: The designated quarter is January/February/March. The recipient submits a timely and accurate QR 7 for February on March 5. The CWD determines that the recipient is property eligible in the QR

Data Month of February. On March 20, the recipient receives a cash gift and deposits it in the household's bank account. The account balance, if considered, would render the household ineligible. The recipient is not required to report the bank account until the next QR 7 report is due (in June). If the recipient reports the account sooner, the county is not authorized to take any action to discontinue the case for exceeding the resource limit. Property eligibility is determined only once per quarter, based on information reported on the QR 7.

Example: Same QR Payment Quarter as above. The CWD discontinues benefits at the end of the QR Submit Month with timely notice based upon the household's property ineligibility reported on the QR 7. Later in March, the recipient notifies the CWD that the balance in the account is below the resource limit and verification is provided. The discontinuance shall be rescinded if all combined property and eligibility information contained on the current QR 7 renders the household eligible for continued benefits.

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.67 Household Composition Reporting Requirements

A household is required to demonstrate that it is eligible only once each quarter based on information reported on the QR 7.

.671 Households may voluntarily report changes in household composition during the quarter. Action on household composition changes reported during the quarter will only be taken if benefits can be increased. When considering the addition of a new household member, all resources and income of that person must be considered in the determination to increase benefits.

- (a) If the change would otherwise result in a decrease or discontinuance in benefits, no action shall be taken until the QR 7 is received.

Authority Cited: Sections 10554, 11265.1, .2, .3, 18904, and 18910, Welfare and Institutions Code.

Reference: Sections 10554, 11265.1, .2, and .3, 18904, and 18910, Welfare and Institutions Code; and Food and Nutrition Service Quarterly Reporting waiver approval dated April 1, 2003.

1. Adopt Section 63-509 to read:
2. Post-Hearing: Amend Section 63-509 to read:
3. 15-Day Renote: Amend Section 63-509 to read:

(QR) 63-509 INCOME ELIGIBILITY AND BENEFIT 63-509
CALCULATION FOR QUARTERLY REPORTING

Section 63-509(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(a) Income Eligibility and Grant Calculation for Quarterly Reporting Households

Benefits for the QR Payment Quarter will be determined using prospective budgeting, reasonably anticipated income and income-averaging rules.

(1) Prospective Budgeting

Income and household information from the QR Data Month and anticipated changes in income and expenses must be considered when determining eligibility and benefit levels for a Payment Quarter. Documentation is required in the case folder which explains how income was projected in determining benefit calculations. Case narrative entries must include, but are not limited to, the following types of documentation:

- (A) Income the recipient states is expected in future months;
- (B) Whether anticipated income will be different than income that the recipient reported receiving for the QR Data Month;
- (C) Documentation of the reasons for not accepting the recipient's estimate if the information is questionable;
- (D) Other information used to determine what income will be used in the benefit calculations (verifications, employer's statements, case history, etc.) if the recipient's estimate is not used.

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Case narratives and other documentation will be critical when documenting new income, income that is expected to change, income that fluctuates, and income that is so unstable that the recipient cannot make a reasonable estimate of what income to expect in future months. QC reviewers will rely heavily on case documentation when reviewing case files to determine if benefits

have been issued in the correct amounts. To avoid QC errors, case documentation is a necessary requirement.

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(2) Reasonably Anticipated Income

Income is "reasonably anticipated" when the CWD determines it is reasonably certain that the recipient will receive a specified amount of income during any month of the QR Payment Quarter and applies to all income, earned or unearned.

If the amount of income or when the income will be received is uncertain (i.e., it cannot be reasonably anticipated), that portion of the household's income that is uncertain or cannot be reasonably anticipated will not be counted when determining income eligibility and benefit levels. ~~Income shall be considered to be reasonably anticipated if it is determined that:~~

If the household reports a decrease in income for the Submit Month, the CWD will treat it as a mid-quarter change and use the information of decreased income to anticipate income for the next QR Payment Quarter if the change continues into the next quarter.

Income shall be considered to be reasonably anticipated if it is determined that:

- (A) The income has been or will be approved or authorized within the upcoming quarter; and,
- (B) The household is otherwise reasonably certain that the income will be received within the quarter; and
- (C) The amount of the income is known.
 - 1. A determination of what income is reasonably anticipated is required when a household:
 - a. first applies for benefits;
 - b. reports new income on the QR 7;
 - c. reports on the QR 7 that income is expected to change;
 - d. has income that ~~fluctuates~~ changes; and

- e. makes a mid-quarter report of an income change.
2. Using Different Sources to Determine Reasonably Anticipated Income
- a. The sources used to determine what income is reasonably anticipated may differ based on the circumstances listed in 63-509.121. The following sources may be used, but are not all inclusive:
 - (i) information provided by an employer; and/or
 - (ii) the source of income; and/or
 - (iii) payment dates, hours of work; and/or
 - (iv) the recipient's estimation of income.
 - b. If, with the help of the recipient, a determination of how income will change cannot be made, only that portion of income that the household reasonably anticipates shall be used in the benefit calculation.
3. The following are guidelines to determine income that is reasonably anticipated by the household. They include, but are not limited to the following.
- a. Take into account income that the household reports/estimates ~~(mid-quarter or on the QR 7)~~ as being reasonably anticipated for the upcoming QR Payment Quarter;
 - b. If the household is unable to provide an estimate of anticipated income on the QR 7, the recipient, may be contacted for additional information;
 - c. If the household is unable to estimate future income with the CWD's assistance, the employer or source of income may be contacted with authorization from the recipient.
 - d. If income received during the past 30 days does not provide enough information to determine changes in income, take into account past income received by

the household as an indicator of income to expect over the next quarter, if it will provide a more accurate indication of fluctuations in future income.

- e. For seasonally fluctuating income, a review of the employment history for the most recent past season can be used if it will provide a more accurate indication of fluctuations in future income.
- f. Past income cannot be used as an indicator of anticipated income for the quarter if changes in income have occurred or can be anticipated.
- g. A new source of income, such as a new job, cannot be anticipated if it is uncertain when the job will start and/or what amount the recipient will be paid.

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Example: A recipient reports on the QR 7 that a household member will start a new job in the upcoming quarter. The household reports that the payday falls within the next QR Payment Quarter and reports the anticipated wage amount and expected hours. Because the timing and amount of the income is reasonably certain, the CWD should consider this income to be reasonably anticipated and therefore should use it in the benefit calculations for the next QR Payment Quarter. The CWD shall document the recipient's statement of expected hours and wages in the case file to substantiate the recipient's estimate.

Example: A household reports that a member has been verbally approved for State Disability Insurance (SDI). However, the household member has not received an actual award letter or check, and does not know the exact start date or amount. Because the timing and amount of the income is not known, the CWD should not prospectively use this income in the calculation for the upcoming QR Payment Quarter. If the hours/rate of pay can be anticipated, but the start date of pay is not known, then the CWD cannot anticipate the income.

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(3) Reasonably Anticipated Medical, Child Support and Child Care Expenses

(A) Medical, child care and court-ordered child support expenses shall be determined as follows:

1. Determine the expense amount that is reasonably anticipated in each month of the quarter.
2. Average the anticipated amounts over the months of the quarter and use the resultant amount as the expense deduction when computing benefits.
3. Expenses paid on a weekly or bi-weekly basis shall be converted to a monthly deductible expense by multiplying the weekly and bi-weekly figure expense by 4.33 or 2.167 as appropriate if income is also multiplied by these conversion factors.
4. Document the rationale for the determination of the anticipated expense deduction.

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		Example 1	Example 2
Child Care for:	January	\$175	\$200
	February	200	0
	March	150	150
	Total	\$525	\$350
Quarterly Expense $5 \div 3$		\$175	\$116

The allowable average child care expense for the Quarter in Example 1 is \$175. In Example 2, it is \$116.

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(B) Shelter Costs

Shelter costs shall be determined at application and recertification and shall remain fixed at the determined amount until the household reports either a change on the QR 7, ~~or~~ or makes a voluntary mid-quarter report, or a mandatory report of a move.

1. Increased shelter costs reported mid-quarter shall be recomputed using the new shelter cost ~~once it has been verified~~. The new shelter deduction amount is fixed and will remain the same until another change is reported or until the next recertification occurs.
2. If the report of a shelter cost increase results in increased benefits mid-quarter, the increased cost need not be reported on the next QR 7. Food stamp benefits shall be supplemented if benefits can be increased mid-quarter.
3. If a report of a shelter cost decrease would result in a mid-quarter decrease, the recipient shall be notified via a "No Change NOA" that no mid-quarter change resulted ~~and that the decreased shelter amount be reported on the next QR 7.~~

(C) Utility Costs

Utility costs shall be determined at application and at recertification and shall remain at the same fixed amount during the certification period, with the exception of households entitled to the SUA. Households that have elected the SUA at initial application, recertification or when a household moves may switch to actual utility expenses per Section 63-502.363(5)(c).

1. Households that switch utilities mid-quarter shall have their benefits supplemented if the result of the utility change would increase benefits. In no event shall benefits be decreased mid-quarter for utility changes elected by the household.
2. A "NO Change NOA" shall be sent to the household ~~with a reminder to report the new utility election on the next QR 7 if the utility election would cause benefits to decrease mid-quarter~~ within 30 days of the reported change.
3. Anticipated actual utility amounts shall be averaged over a 12-month period and the resultant monthly amount shall remain fixed until there is another utility change at recertification or when the household moves.
 - a. The CWD shall verify, at county option, a household's utility expenses if the household requests to claim expenses in excess of the SUA and the expense would actually result in a deduction higher than the SUA.

(4) Income Averaging Over the Quarter

(A) Averaging Income Reported on the QR 7

The following basic income averaging steps shall be taken to determine the monthly income average that shall be used in the benefit calculation for fluctuating income over the QR Payment Quarter.

- ~~1.~~ ~~Add the reasonably anticipated gross earned income for each month of the quarter and divide by three. If the household receives the exact amount of income from month to month in the QR Payment Quarter, averaging over the quarter is not necessary.~~
21. Add the reasonably anticipated gross unearned income for each month of the quarter and divide by three. If the household receives the exact amount of income from month to month in the QR Payment Quarter, averaging over the quarter is not necessary. (Refer to Section 63-509(a)(5) for usage of the weekly and bi-weekly conversion factors when averaging income over the QR Payment Quarter.)
32. Apply all applicable allowances and deductions to the averaged income amounts to generate an average Net Non-exempt Income (NNI).
43. Add the NNI of each income type together to determine the average monthly NNI for the household.
54. For households that receive a CalWORKs benefit, the actual CalWORKs grant amount for each month must be used when computing food stamp benefits. The actual anticipated CalWORKs grant shall not be averaged over the QR Payment Quarter.

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Example: The quarter is October/November/December. The mother submits the QR 7 for November to the CWD on December 10. On the QR 7, she reports that she started a part-time job in December that will only last until the end of January, when the holiday shopping season ends. She reports that she will be paid \$900 in January and \$800 in February. The mother's aided spouse is also receiving

Unemployment Insurance Benefit (UIB) of \$100 paid bi-weekly.

Benefits for the January/February/March quarter are computed based on the income the household anticipates it will receive for that quarter as follows:

Income Determination

Earned Income for January	\$900
+Earned Income for February	800
+Earned Income for March	0
Subtotal Earned Income for Quarter	\$1700
Earned Income Divided by 3	\$ 566.67

Computation

Averaged Gross Monthly Earned Income	\$566.67
Less Earned Income Deduction	-113.33
Less Standard Deduction	-134
Average Monthly Net Earned Income	\$319.34
Add average Monthly Net Earned Income	+319.34
Add Average Monthly UIB (\$100 x 2.167)	+216.70
(For usage of conversion factors, refer to (B) below)	
Add CalWORKs Monthly Grant	+372
Subtotal	\$908.04
Less Excess Shelter Deduction	- 350
Net Income	\$ 558

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(5) Weekly and Bi-Weekly Conversion Factor Usage

Under the following circumstances the CWD shall add weekly or bi-weekly Data Month income amounts reported on the QR 7 and divide that total by the number of pay periods in the Data Month to arrive at an average weekly or bi-weekly income amount to which the conversion factors shall be applied.

- (A) ~~An Assistance Unit (AU)/household (HH)~~ reports on the QR 7 that it is paid on a weekly or bi-weekly basis and indicates that it does not anticipate any changes in income in the upcoming quarter compared to the data month income actually reported on the QR 7, and the CWD is in agreement with the household's report of no change in income, or
- (B) ~~An AU/HH~~ household reports on the QR 7 that it is paid on a weekly or bi-weekly basis and indicates that it does anticipate changes in its income in the upcoming quarter, but the county determines in its follow-up review that the AU's/HH's reasonably anticipated income in the next quarter will not change from what was reported in the Data Month on the QR 7, or-
- (C) A household reports that it is paid on a weekly or bi-weekly basis, indicates that there are changes in income in the upcoming quarter, the amount is known and will remain the same for the entire QR payment quarter, and the CWD is in agreement with the reported income.
- (~~D~~) The average weekly and bi-weekly amounts arrived at above shall be converted to a monthly amount by using a 4.33 conversion factor for weekly payments and a 2.167 conversion factor for payments received bi-weekly.
- (~~E~~) The conversion figures can only be used if weekly and bi-weekly payments are paid throughout the entire QR Payment Quarter for each week or for every-other week in the quarter.
- (F) The conversion factors shall not be used for income received on a monthly or semi-monthly schedule.

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Examples:

1. The recipient reports on the QR 7 that 4 weekly paychecks were received in the following amounts: \$115, \$100, \$135 and \$95. The recipient also indicates on the QR 7 that his/her income is not expected to change during the next payment quarter compared to reported income on the QR 7. The CWD will add the 4 weeks of income together, divide by 4 and then factor the resultant amount by 4.33 (use the appropriate conversion factor for the payment frequency) to arrive at the monthly income amount for the next QR Payment Quarter. If 5 pay periods were reported in the

Data Month on the QR 7, the CWD will add each week together and divide by 5 and then factor the resultant amount by 4.33.

2. The QR Payment Quarter is January/February/March. The recipient indicated on the QR 7 that weekly income of \$100 was received in the Data Month and marks on the QR 7 that this income amount will not continue during the upcoming QR Payment Quarter. The CWD consults with the recipient and finds out that the recipient anticipated a change in income because he/she hopes to get a new job in the next quarter but has no firm offer. The recipient states that if he/she does not get a new job, he/she will continue at the current job throughout the next quarter making the same amount. Due to the speculative nature of the new job and the recipient's statement regarding the current job, the CWD determines that the income reported in the data month on the QR 7 is reasonably anticipated to continue during the next quarter. Therefore the CWD would apply the conversion factor of 4.33 to the \$100 weekly amount to arrive at the monthly income amount for the next QR Payment Quarter (In this example, because the 100 weekly amount remains the same for each pay period, the step requiring that the weekly amounts be added together and divided by the number of pay periods is not necessary)
3. The recipient reports on the QR 7 that she is paid on a weekly basis except she only works 3 weeks in a month and indicates that this frequency of pay will remain the same throughout the QR Payment Quarter and will remain unchanged throughout the next QR Payment Quarter. She is typically paid \$115, \$100, \$135. The CWD will add the 3 weeks of income together to arrive at a reasonably anticipated monthly income for the next QR Payment Quarter. Since income is not paid every week of the QR Payment Quarter, the income cannot be factored.

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- (6) Benefit Determination Based on Income That Will Change in the Upcoming QR Payment Quarter
 - (A) When the household has or reports income that will change during the next QR Payment Quarter, the determination of whether income is reasonably anticipated will require additional steps and thorough case documentation. First use the ~~recipient's~~ household's

anticipation of income estimate if the recipient household is able to provide ~~one~~ it and if there is no conflicting information. If the information is questionable or the recipient household is unable to estimate anticipate future income, the recipient household may be contacted to obtain additional information about anticipated pay and/or hours of work. If the recipient household cannot be contacted, or if the recipient household and/or the CWD are unable to estimate anticipate future income levels, ~~with the recipient's written permission, or~~ the CWD with the household's written permission, may contact the recipient's household's employer regarding anticipated work hours or pay.

- (B) If the CWD is still unable to reasonably estimate anticipate future income, the CWD may also look at the recipient's prior work patterns to assist in determining the number of future work hours, if the recipient states that s/he had prior work hours/wages that are similar to the anticipated work pattern. This may include asking the recipient to provide available prior work information and/or reviewing information in the case file. The CWD is not limited to reviewing income from the previous quarter only, but may use income information from the past 12 months to help establish patterns in ~~fluctuating~~ income. However, if the household states that his/her future work hours and wages will differ from prior work patterns, the CWD shall not use the prior work patterns to determine the income for the QR Payment Quarter.

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Example: A teacher's aide works part time from September through June 5 of every year. Historical case data indicates that she has also worked every year through the summer as a tour guide at the zoo. She did not report the summer job on her QR 7. The CWD will need to look at the case file for prior work information and must clarify with the recipient whether she is working or will be working during the summer months, as she has in previous years. Only after clarification is obtained can the CWD determine what income is reasonably anticipated when determining the food stamp benefit amount for the recipient.

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(b) Mandatory Mid-Quarter Changes to Benefits

Recipients may report mid-quarter changes in writing, verbally or in person to the CWD. If a recipient chooses to verbally report a mid-quarter change, the CWD shall document the report in the case file.

(1) Mandatory Recipient Mid-Quarter Reports

(A) Recipients are mandated to report the following changes to the CWD within 10 calendar days of the date the change becomes known to the household:

1. For both PAFS and NAFS households, address changes and the accompanying shelter cost changes;
2. For NAFS cases, any reduction in the number of hours worked to less than 20 hours per week or 80 hours per month for ABAWDs. Persons who are satisfying the ABAWD work requirement through a combination of education/training and employment of less than 20 hours per week are not subject to the mid-quarter requirement when hours of employment are reduced.

(B) Action shall be taken on the food stamp case when the following mandatory CalWORKs changes are reported in the CalWORKs program:

1. Drug felony convictions;
2. Fleeing felon status;
3. Violation of conditions of probation or parole;
4. Income exceeds the IRT.

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- a. The CalWORKs IRT level is the greater of 130 percent of the FPL for family size or the level at which a family becomes financially ineligible.
- b. The CalWORKs Program is responsible for informing recipients of their individual IRT levels.
- c. The Food Stamp Program is responsible for monitoring the IRT change reported in the CalWORKs case and acting on the information as discussed in Section 63-212(d).

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(c) Action on Mandatory Recipient Mid-Quarter Reports

(1) Drug Felony Conviction, Fleeing Felon Status, Parole/Probation Violations

Food stamp recipients are not required to report a change in drug or fleeing felon status or probation/parole violations mid-quarter. However, if a CalWORKs household reports drug or fleeing felon or parole/probation violation, the CWD shall be required to act on the reported information in the food stamp case. The CWD must discontinue the individual from the PAFS household at the same time CalWORKs discontinues the individual, at the end of the month after 10-day notice can be provided.

(2) Change of Address – Move Out of State

This reporting requirement is applicable to both PAFS and NAFS households. A timely notice of action is not required if the CWD determines that the household will not be residing in the state. Action to discontinue the household shall be for the end of the month in which the change was reported. An adequate notice is required.

(3) Change of Address – Move Out of County

A PAFS household that moves out of county shall be discontinued from the prior county at the same time the transfer of the CalWORKs case is completed; the transfer is completed when the former county discontinues the CalWORKs case as specified in Section 63-503.7.

(A) NAFS households shall be terminated at the time an address change is reported in another county. (Continued)

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Example: PAFS Case

A ~~recipient~~ household is currently living in County A. On February 5th, the ~~recipient~~ household informs County A that she now lives in County B. Due to the CalWORKs transfer period, County A will continue benefits to the ~~recipient~~ household until March 31st. County B will pick up the CalWORKs case on April 1st. FS benefits will be discontinued in County A on March 31st to coincide with the transfer period of the CalWORKs case. The ~~recipient~~ household may reapply for FS benefits any time after moving to County B, but will not be eligible to receive FS benefits in County B until April 1st. County A is responsible for ensuring

that the ~~recipient~~ household can easily access FS benefits for February and March.

Example: NAFS Case

A ~~recipient~~ household is currently living in County A. On February 5th, the ~~recipient~~ household informs County A that she now lives in County B. FS benefits will be discontinued in County A effective the end of February and County A shall inform the household that a new application is needed in County B for food stamp benefits to resume.

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(4) CalWORKs Income Exceeds the IRT

There is no mandatory mid-quarter recipient requirement to report income in excess of the IRT for the ~~FS~~ food stamp household. If the CalWORKs benefits did not change as a result of the report of IRT (the CalWORKs household was not discontinued), no further action is required in the PAFS case. However, for PAFS cases, if information regarding income that exceeds the IRT is reported in the CalWORKs program and results in discontinuance of CalWORKs benefits, the ~~FS~~ food stamp benefits must be recalculated as described below:

- (A) If the CalWORKs household reports income that exceeds the IRT, the CWD shall determine if the CalWORKs household's benefits will be continued or discontinued.
- (B) If CalWORKs benefits will be continued, no further action is required in the PAFS case.
- (C) If the CalWORKs cash grant is discontinued, ~~the CWD shall determine if NAFS QR household's benefits would increase or decrease.~~ Households whose CalWORKs benefits are discontinued shall be ~~determined eligible~~ processed for Transitional Food Stamp Benefits (TFS).

(d) Voluntary Mid-Quarter Recipient Reports

Recipients may report mid-quarter changes in income and circumstances in writing, verbally or in person at any time during the quarter. The CWD shall only take mid-quarter action on those voluntary reports that result in an increase to benefits except as provided in Section 63-509(d)(8). Some mid-quarter reports that may increase benefits are, but not limited to, income decreases, someone moves into the home, an allowable deduction increases. If a recipient chooses to

verbally report a mid-quarter change, the CWD shall document the report in the case file.

- (1) Action to increase benefits shall be effective in the month the change actually occurs or is reported, whichever is later, and after all verification has been received.
 - (A) If the change occurred prior to the date of report, recalculate and increase benefits based on the date of report after verification is received.
 - (B) If the change will occur in a future month, recalculate and increase benefits based on the date the change is expected to occur after verification is received.
- (2) Voluntarily reported changes may result in an increase in benefits for one program (CalWORKs), while decreasing benefits for the other program (Food Stamp Program). Action shall be taken to increase benefits in the one program, while suppressing the decrease to the other program's benefits.
- (3) Verification shall be requested immediately from the recipient when there is a decrease in income or a new household member is reported in the household, or for other changes that would require verification when benefits are increased. Action to increase benefits shall not take place until verification is received. The recipient shall be allowed 10 days to provide the requested verification.
- (4) The effective date for increases in benefits is determined differently for increases due to decreased income than for increases due to adding household members. Those effective dates are as follows:
 - (A) Increases due to decreased income are effective the first of the month in which the change is reported or the month the change occurred, whichever is later.
 - (B) Increases due to the addition of new household members are effective the first of the month following the report of the change.
- (5) When a household includes two members with income and one member experiences a decrease in income, only the decreased income of the one member is used to recalculate benefits.
- (6) If there are different sources of income received by the household and a decrease is reported for one of the sources, the CWD shall recalculate benefits using only the income from the decreased source. The

recalculated income shall be added to the existing averaged household's income.

- (7) A "No Change NOA" shall be sent to the recipient when benefits cannot be increased. The "No Change NOA" must be sent within 30 days of the reported change. The NOA must remind the recipient to re-report the change on the QR 7.

The NOA must remind the recipient to re-report the change on the QR 7.

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The QR 377.4 has language under the "No Change in Benefits" check box that informs households that any voluntarily reported changes must be reported again on the next QR 7 and supported with verification of the change.

CWDs have the option of ~~processing~~ beginning to process voluntary mid-quarter reports prior to the end of the quarter that do not result in a change in benefits. However, the CWD must ensure that the information reported on the QR 7 is consistent with the "no change report" and information reported by the household. ~~The CWD shall also determine eligibility for the next QR Payment Quarter using the most current known information.~~

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- (A) If information on the QR 7 is inconsistent with what was previously voluntarily reported mid-quarter, action shall be taken to resolve the discrepancy and to determine the actual current household circumstances.
- (B) The discrepancy should first be attempted to be resolved by contacting the recipient. If this contact is not possible, the QR 7 shall be considered incomplete.
- (C) If a Non-Assistance Food Stamp (NAFS) household voluntarily reports income over 130 percent of the Federal Poverty Level (FPL), the household shall be discontinued mid-quarter. Only voluntarily-reported income exceeding 130 percent of the NAFS household, excluding the mid-quarter report of a new household member and his/her income shall render the NAFS household ineligible (refer to Section 63-509(f)(4)(A). Only voluntarily reported income exceeding 130 percent FPL excluding the mid-quarter report of a new household member and his/her income, shall render the NAFS household ineligible [refer to Section 63-509(f)(4)(A)].

(e) Action on Voluntary Mid-Quarter Recipient Reports

To determine if the voluntary reported change results in increased benefits mid-quarter, a recalculation of benefits for the current and remaining months of the quarter using the new income that the household reasonably expects to receive is required. If the anticipated income will be different in each of the remaining months of the quarter and the recipient knows with reasonable certainty what the amount would be for each month, the new income shall be averaged for the current and remaining months in the quarter.

- (1) When the CalWORKs grant is supplemented, the new CalWORKs grant amount to be used in the FS budget will include the original CalWORKs grant, as well as the additional CalWORKs supplement.

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Example 1: A household of three is receiving cash aid of \$192 and FS benefits of \$165. The grant amount was based on the mother having earned income of \$1200 per month. In the April/May/June quarter, the mother reports on April 5 that she lost her job the day before. She will only receive one more paycheck that month for \$600, and anticipated no additional income after that. The CWD immediately requests verification of the job loss, and the recipient provides it by April 10. The CWD uses the new income to recalculate benefits for that month, as well as for the remaining months of the current quarter as follows:

Recalculation of averaged income:

\$600	(April Actual)
+ 0	(May anticipated)
+ 0	(June anticipated)
\$600	

Divide the total by 3 (the number of months for which new income is expected) = \$200 per month. After re-computing the current and remaining months in the Quarter, the new CalWORKs grant is \$679.

Food Stamp Program Computation:

Average Monthly Income	200
Add New CalWORKs Grant	+679
Less Earned Income Deduction	- 40
Less Standard Deduction	-134
Subtotal	\$705
Less Excess Shelter Deduction	\$350

Net Income	\$355
New Allotment Amount	\$259
Benefits Received	-165
Supplement for April	\$ 94

Example 2: Using the same scenario as in Example 1, except that the mother reports on May 5th that she lost her job and will only get one paycheck for \$600 in May and expects no income for June.

Recalculation of averaged income:

+ \$600 (May actual/anticipated)
+ 0 (June anticipated)
 $\$600 \div 2 = \300

The new CalWORKs grant amount is \$642 after re-computation.

Food Stamp Program Computation:

Average Monthly Income	\$300
Add New CalWORKs Grant	+642
Less Earned Income Deduction	- 60
Less Standard Deduction	-134
Subtotal	\$748
Less Excess Shelter Deduction	-350
Net Income	\$398
New Allotment Amount	\$246
Benefits Received	-165
Supplement for May	\$ 91

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- (2) If decreased income is reported for the first time on the QR 7 rather than as a mid-quarter voluntary report, the CWD shall treat the report of decreased income as a voluntary mid-quarter report in order to determine if a supplement should be issued in the Submit Month.

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Household changes that occur in the Submit Month and are reported on the QR 7 will be considered voluntary mid-quarter reports, and acted upon as such.

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- (3) If a recipient has reported a voluntary mid-quarter decrease in income or increase in food stamp expenses, and the CWD has taken appropriate action to increase the cash aid and/or FS benefits, the CWD shall not take action to adjust benefits again if the recipient reports the same change later in the quarter.

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The household includes a mother and two children. The mother was working full-time and receiving \$1200 per month gross earnings. On May 5 of an April/May/June quarter, the mother reports that she lost her job and expects to receive one last paycheck in May for \$600 and no income for the month of June. The CWD recalculates benefits for May and June, using \$300 per month gross income (the new averaged income amount), and issues a food stamp supplement to the household for May and increases the June allotment. In June, the mother calls her worker and reports that she will not receive any income in June. Since the zero income amount has already been taken into consideration when calculating May and June benefits, the CWD would not act on the mother's report of "decreased" income in June.

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- (4) In any instance where two or more changes are reported to the CWD at the same time, the CWD must evaluate each change separately and according to the sequence of occurrence, keeping in mind the timing of when benefits can be increased based on decreased income and new household members being added to the household unit. The evaluation of separate events is also applicable to reports of mandatory reports of changes.

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Example: A household consists of mother and one child. The QR Payment Quarter is January/February/March. A second child enters the home on January 5th and the mother loses her job on January 7th. Both changes are reported to the CWD on January 9th. The first change occurred on January 5th where the job was lost. Since this is a mid-quarter change, benefits can be increased mid-quarter. The second change occurred on the 7th with the second child entering the home. The child is eligible and is included in the household effective February 1st.

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- (f) Household Composition Changes Reported Mid-Quarter

Recipients may voluntarily report changes in household composition at any time during the quarter. Action should only be taken on those changes that result in an increase to the household's benefits.

If the change results in increased benefits, action shall be taken to add the person effective the first of the month following the month in which the change was reported, after all verification has been provided. If it does not result in an increase, no action shall be taken to change the household's benefits until the following quarter.

- (1) The following are steps to be taken when a new person is reported in the home.
 - (A) Review eligibility for the new person in accordance with Food Stamp Program regulations as an initial step to determine if the new household member should be included as part of the household.
 - (B) If the new person should be included in the household, determine if the household meets all non-financial eligibility criteria.
 - (C) If the household meets all non-financial eligibility criteria with the addition of the new person, continue to determine if the new person has income that should be included in the benefit calculation.
 - (D) Run a test benefit calculation to determine if adding the person and his/her income to the pre-existing household's income would result in an increase or decrease to the household's benefits. Add the new person's income for the months in which they would be added to the household. The existing household's income shall not be reaveraged to include the new household member's income.
 - (E) When taking action to add the new person into the household, include the new person's income along with the household's pre-existing income to recalculate benefits for the month the person is added to the household and any remaining months in the quarter. The existing household's income shall not be reaveraged to include the new household member's income.
- (2) Adding a New Household Member Mid-quarter
 - (A) When all verification is received, all eligibility factors are met and the addition of the new person results in increased benefits, add the new household member to the household and increase benefits to the household, as a mid-quarter change, effective the first of the

month following the month in which the change was reported.

- (B) In any circumstance where the new household member has income, only that member's income is averaged over the remaining months in the quarter. The new household member's averaged income is then added to the existing household's averaged income to determine if benefits are to be increased or would result in a decrease mid-quarter. The new household member's averaged income is used to calculate benefits only for the months in which the new member is included in the household.

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Example 1: The CWD is currently aiding a two-person household consisting of a mother and child. The designated quarter for this example is January/February/March. The mother voluntarily reports in February that the father moved into the home in February and the father has no income. After establishing eligibility for the father, the CWD adds him to the household effective March 1.

Example 2: Same scenario as in Example 1 except the mother does not voluntarily report the father as moving into the home in mid-quarter. She waits until she submits the QR 7 in March to report that the father moved in during February. The CWD would add the father to the household effective the first of April.

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- (3) ~~New Person~~ Household Composition Change Results in Decreased Benefits

- (A) If the result of a new person reported in the household decreased benefits, no action shall be taken to decrease benefits mid-quarter. A NOA shall be sent to the household informing them that the voluntary report of the new person did not increase benefits. The NOA shall remind the household to report the new person and any income or property he/she has on the next QR 7.

- 1. The CWD shall treat notification of a recipient death mid-quarter as a voluntary recipient report for discontinuance of benefits for the deceased individual. If the information was received verbally, the CWD shall discontinue benefits at the end of the month in which timely and adequate notice can be provided. If the information was received in writing, the CWD shall discontinue at the end of the month

with only adequate notice.

- (B) Information reported on the QR 7 shall be used in the determination of eligibility and benefit level for the upcoming quarter. The earliest the benefits could be decreased is the first of the next Payment Quarter provided 10-day notice is given. Discontinuance of benefits for ineligibility shall occur at the end of the Submit Month.

(4) New Person Results in Financial Ineligibility or Ineligibility Due to Other Eligibility Factors

If addition of the new person would render the household ineligible mid-quarter, no action shall be taken to change the household's benefits. A NOA shall be sent to the household informing them that the voluntary report of the new person did not increase benefits and that the household is responsible for reporting the new person and his/her income/property on the next QR 7. The earliest that food stamp benefits can be discontinued is the end of the Submit Month.

- (A) Only voluntarily reported income exceeding 130 percent of FPL of the NAFS household, excluding the mid-quarter report of a new household member and his/her income, shall render the NAFS household ineligible per Section 63-509(d)(8).

(g) Voluntary Recipient Request for Discontinuance of Benefits

Benefit adjustments shall be made mid-quarter when a recipient requests discontinuance of benefits. A recipient may voluntarily request mid-quarter that the entire household be discontinued; or for any individual member of the household who is no longer in the household.

(1) Recipient Makes a Verbal Request for Discontinuance of Benefits

A verbal request shall require that a 10-day notice be sent before discontinuance or a decrease in benefits can be made at the end of the month. A written request shall require that an adequate notice be sent at the end of the month.

(2) Recipient Makes a Written Request for Discontinuance of Benefits

A voluntary mid-quarter report of someone leaving the home shall not be assumed to mean that it equates to a voluntary request for discontinuance of the household member. A determination must be made to determine whether the voluntary mid-quarter report of someone leaving the household is actually a request of discontinuance by contacting the

household to clarify the report and to inform the household that a discontinuance of the individual will result in decreased benefits mid-quarter. Discontinuance of the individual shall occur only if he/she is out of the home or is considered a separate household member.

(h) County-Initiated Mid-Quarter Actions

In addition to making mid-quarter adjustments to benefits as a result of mandatory and voluntary recipient reports mid-quarter, action shall also be taken on certain changes in eligibility status at the end of the month in which timely and adequate notice can be provided to the household.

(1) Changes Resulting in County-initiated Actions Mid-Quarter

The changes that are considered county-initiated and that can occur at any time during the quarter:

- (A) Sanctions or financial penalties;
- (B) Failure of the household to comply with a Quality Control Review.
- (C) Benefits are applied for and approved for a household member in another household or for the household;

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Example 1: Current quarter is Jan/Feb/March. The current food stamp household consists of a mother and two children. On February 4th, one of the children goes to live with grandmother. Grandmother comes in to apply for food stamps for the child on February 5th. Since duplicate aid cannot be authorized for the child now living with the grandmother, the child must be deleted effective the end of February with a 10-day NOA from the mother's food stamp household, and aid will be authorized effective the first of March for the grandmother and the child. The application for February will be denied for the child, however, if the grandmother was eligible, aid would be granted for her.

Example 2: Current quarter is Jan/Feb/March. The current food stamp household consists of a mother and two children. On February 4th one of the children goes to live with grandmother. Grandmother comes in to apply for food stamps for the child on February 25th. Since duplicate aid cannot be authorized for the child now living with the grandmother, the child must be deleted effective the end of March with a 10-day NOA from the mother's food stamp household, and aid will be authorized effective the first

of April for the child. The application for February and March will be approved for the grandmother if eligible, and denied for the child.

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- (D) Discontinuances due to the termination of a CalWORKs inter-county transfer as described in Section 63-503.7;
 - (E) Status changes in the California Food Assistance Program (CFAP).
 - (F) Cost-of-Living adjustments (COLAs) for the Food Stamp Program, CalWORKS, General Assistance and for those COLAs administered by the Social Security Administration.
 - (G) Adjustments due to erroneous or incomplete recipient QR 7 or mid-quarter reports of information or lack of action by the county on the QR 7 or mid-quarter recipient reports.
 - (H) The three-month time limit for an ABAWD ends or an ABAWD who has regained eligibility and subsequently stops meeting the work requirements.
 - (I) Discontinuance due to an ineligibility determination when recertification falls outside the Submit Month.
- (2) County-Initiated Actions To Be Taken at the Beginning of the Quarter
- An exception to mid-quarter county-initiated actions occurs when adjustments/reductions to benefits are begun for recoupment of an O/I per Sections 63-801.44 and .45. This action shall be taken at the beginning of a quarter.
- (3) Known to County Information
- (A) Use of Known to County Information

Information that is "known to county" and is considered information that is subject to mandatory reporting shall be used to:

1. Calculate an OI when the information received is obtained after benefits have been issued, such as in the case of Income and Eligibility Systems (IEVS) matches; and
2. Take prospective action to change benefits mid-quarter or at the beginning of a quarter if information reported by the

recipient does not accurately reflect a mandatory mid-quarter report of information or information reported on the QR 7.

(B) CWD Action on Public Assistance (PA) Changes Known to CWD

1. Changes to PA benefits shall be considered information that is known to county.
2. All changes to PA benefits shall be reviewed by the CWD for possible benefit increases or decreases by calculating a new budget.
3. Food stamp benefits shall be increased if the calculation indicates such an increase.
4. If a mid-quarter decrease is indicated, benefits cannot be decreased.

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Example 1: A county becomes aware that the CalWORKs grant has decreased mid-quarter. The CWD will calculate the impact on food stamp benefits to determine if benefits can be increased or decreased. If the calculation indicates an increase, the CWD will supplement/increase benefits. Benefits would not decrease mid-quarter. **This is an exception to the general QR rule that does not permit an increase to benefits mid-quarter unless they are reported by the household as described in the next example.**

Example 2: A county becomes aware of known to county information that UIB being budgeted is exhausted. There are two months remaining in the QR Payment Quarter. The county will not act on this information to increase benefits. The recipient must report that UIB is ending before benefits can be increased mid-quarter.

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- (C) CWDs shall not act on information “known to county” that is not required to be reported, even if benefits could be increased mid-quarter based on the given information. The recipient must report a change before benefits will be increased.

- (i) Third Party Information

Third party information is not known to the county and is a report from an anonymous source about a household’s circumstances. ~~If information reported from a third party brings food stamp eligibility into question, the CWD must contact the household for clarification of the circumstance or take other action, such as making a fraud referral, as deemed appropriate by the CWD.~~

- (j) CWD Action on Information Obtained from Match Systems

- (1) The CWD shall consider information received from match systems such as the Income and Eligibility Verification System (IEVS), the Payment Verification System (PVS), and other such sources for purposes such as:
 - (A) To determine if information reported on QR 7s is accurate;
 - (B) To determine if a fraud referral or an overissuance claim/adjustment is necessary;
 - (C) To determine if clarification of current eligibility is necessary.

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The following examples apply only to Public Assistance households:

Examples of Match Systems information include, but are not limited to: Eligibility Verification System (IEVS), Payment Verification System (PVS), Integrated Fraud Detection/Earnings Clearance System (IFD), Franchise Tax Board (FTB), Asset Match/Internal Revenue Service (IRS) Match, Beneficiary Earnings Exchange Record (BEER), New Hire Registry (NHR), other matches from special investigative units, and known information from CalWORKs or other assistance programs.

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- (k) Resolving Conflicting Information Based on Third-Party/Known to County Reports

The recipient shall be contacted and informed that eligibility information is in question. The recipient shall be given the opportunity to verify the correct circumstances before action is taken to reduce/correct benefits. Action shall not be taken mid-quarter based on third party information regarding changes that the household is not required to report during the quarter.

(l) Treatment of Multiple Changes Within A QR Payment Quarter

Multiple changes during a QR Payment Quarter shall be acted upon in accordance with QR/PB rules for mandatory and voluntary recipients reports, and on county-initiated and third-party reports. Each change shall be acted upon separately, using the rule that is unique to that type of change. Circumstances shall not be combined to effect a change in benefits.

A household may voluntarily report a change that does not result in an increase to benefits, and later in the quarter, report another change that was required to be reported, which would result in a decrease to benefits. A change shall not be made to benefits based on the voluntary report; however, benefits shall be decreased later based on the mid-quarter report. The decrease in benefits shall be based solely on the circumstances resulting from the mandatory report.

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Example 1: The quarter is January/February/March. On January 15, the household reports that the father moved back into the home, and he has a part-time job. In reviewing whether the household would be entitled to an increase as a result of new household member, the CWD determines that earnings from the father's job would result in a decrease to the household's benefits. The CWD is unable to add the father to the household the first of February because QR/PB rules do not allow for benefits to be decreased as a result of a voluntarily reported mid-quarter change.

On January 17, the household reports that the mother violated conditions of her parole. The CWD must take action to remove the mother from the household effective January 31, because she is ineligible. The CWD decreases benefits to the remaining household members effective February 1. When decreasing February benefits, the CWD may not take action to add the father and his earned income at the same time as discontinuing the mother. The CWD may only take action to add the father and his income at the beginning of the next QR Payment Quarter when the household has submitted the QR 7 for February, reporting that the father is still in the home and has the same level of income.

Example 2: The current payment quarter is January, February, and March. The household consists of a mother and child. The mother reports that the father, who is earning \$900, moved into the home on January 10th. Adding the father from February 1st reduces benefits to the household, so the father must be evaluated for

the upcoming payment quarter (April, May, and June). The father loses his job on February 10th. The mother reports the father's job loss on February 13th. The new report is that father is requesting to be added and he has reduced income. The change in circumstances caused by the job loss is a new mid-quarter report. The father can now be added to the household effective March 1st.

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(m) Changes Held Until Next Quarter

Changes that occur in the current quarter but shall not take effect until the upcoming QR Payment Quarter include: third month reporting of a new household member that increases benefits and adjustments to begin collection of O/Is.

(n) Restorations and Reapplications Under QR/PB

- (1) When a household has been sent a discontinuance notice and the effective date of the discontinuance is pending and the circumstances that made the household ineligible have changed, benefits shall be reinstated and the discontinuance rescinded.
- (2) When an application has been denied or the case discontinued, the household must reapply for benefits and be treated as a new applicant. Benefits shall be prorated from the new application date.

Authority Cited: Sections 10553, 10554, 11265, 18904, and 18910, Welfare and Institutions Code.

Reference: Sections 10554, 11265.1, .2, and .3, 18904, and 18910, Welfare and Institutions Code and Federal Nutrition Service Quarterly Reporting/Prospective Budgeting waiver approval dated April 1, 2003.

1. Amend Section 63-801 to read:
2. Post-Hearing: Amend Section 63-801 to read:

63-801 CLAIMS AGAINST HOUSEHOLDS (Continued)

63-801

.3 Calculating the Amount of Claims

.31 Inadvertent Household and Administrative Error Claims

.311 (Continued)

(c) (Continued)

(2) Section 63-801.311(c)(2)(MR) shall become inoperative and Section 63-801.311(c)(2)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) For monthly reporting households, a claim shall be established when the household fails to report a change on the CA 7 by the extended filing date for the appropriate report month. For nonmonthly reporting households, a claim shall be established if the household fails to report a change within 10 days of the date the change became known.

(QR) For QR households, a claim shall be established when the household fails to report a change on the QR 7 for the appropriate Data Month and the QR Payment quarter was incorrectly computed based on failure of the recipient to report a change or a timely QR 7 was not submitted (see Handbook). For change reporting households, a claim shall be established if the household fails to report a change within 10 days of the date the change became known.

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Example: A QR 7 is not received timely and a 10-day notice cannot be sent to the recipient to reduce benefits beginning with the next QR Payment quarter: In the January/February/March quarter, a recipient submits the QR 7 on March 28, after the

deadline for timely submission. After redetermining benefits based on information reported on the QR 7, the CWD determines that the April/May/June benefits should be reduced due to income reported on the QR 7. The QR 7 was submitted too late in the month for the CWD to provide 10-day notice and decrease benefits for April. The CWD issues a 10-day notice of decrease effective for May; pays benefits at the March level in April, and adjusts benefits to the correct amount for May and June. The difference between the May/June benefit amount and the April benefit amount is an O/I.

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(3) (Continued)

.7 Method of Collecting Payments (Continued)

.73 Reduction in Food Stamp Allotments (Continued)

(QR) .737 Recoupment by Allotment Adjustment for QR Households

- (QR) (a) O/I allotment adjustment shall only be initiated at the beginning of a quarter. However, an allotment adjustment shall be discontinued mid-quarter as appropriate when the O/I has been recouped.
- (QR) (b) When the CWD completes recoupment of one O/I mid-quarter, the CWD may begin recoupment of the next O/I in mid-quarter as long as the amount being adjusted does not result in the benefits being decreased mid-quarter.

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The following examples provide some guidance in the determination of O/Is in QR.

Late Mandatory Mid-Quarter Reporting: The recipient is in the April/May/June quarter. The mother is in a household of three and is convicted of a drug felony on April 25 and reports the conviction on April 26. The report is considered timely, because it was made within 10 days. The CWD is unable to decrease benefits for May to reflect discontinuance of the ineligible household member,

because there is insufficient time to provide 10-day notice. Benefits must be issued for May in the same amount that was issued in April, and the CWD must take action to decrease benefits effective June 1. The CWD shall not establish an O/I for the May allotment, because the recipient reported the change timely.

NOTE: ~~This does not apply to food stamp only households.~~ For NAFS households, this is not a mandatory mid-quarter report. The county shall act to discontinue the mother upon timely and adequate notice based on the subsequent QR 7.

Late QR 7: In the July/August/September quarter, a recipient turns in her QR 7 on September 25. She reports starting a new job in August and indicates that she will receive \$1,000 earnings each month. The CWD is unable to reduce cash aid and food stamp benefits for the October/November/December quarter effective October 1 due to inability to provide 10-day notice of the decrease resulting from increased income. The CWD is required to make the change effective November 1, and shall establish an O/I for food stamp benefits that were issued in error for October.

Failure to Report Income: Looking back at the quarter designated as October/November/December, the CWD determines through an IEVS match that a CalWORKs AU and food stamp household had income that exceeded the IRT on December 26. The household is still receiving the same level of income in the current Jan/Feb/Mar quarter and has never reported the income as a mid-quarter report. The CWD determines that the household should have reported this change by January 5, and should have been discontinued due to ineligibility effective January 31. An O/I would be established beginning February 1.

CWD Failure to Act: The household reports on the QR 7 submitted March 5 that the father started a job on February 10. The income is expected to continue at the same level in the next QR Payment Quarter. The CWD failed to use the newly reported income to determine benefits for the next QR Payment Quarter (April/May/June). If using the income to compute the food stamp benefits should have resulted in a lower grant and allotment to the household, the CWD must establish an O/I for the amount the household was not entitled to receive beginning April 1.

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Authority Cited: Sections 10554, 11265.1, .2 and .3, 18904, and 18910, Welfare and Institutions Code.

Reference: Sections 10554, 11265.1, .2, and .3, 18904, and 18910, Welfare and Institutions Code; 7 CFR 271.2; 7 CFR 273.18(a), (a)(1)(ii), and (a)(2); 7 CFR 273.18(b)(3); 7 CFR 273.18(c)(1)(i), (c)(1)(ii), (ii)(b), and (c)(2)(ii) (Federal Register, Vol. 58, No. 209, pp. 58454 and 58455, dated November 1, 1993); 7 CFR 273.18(d)(4)(iii); 7 CFR 273.18(e)(1); 7 CFR 273.18(e)(3)(iv); 7 CFR 273.18(e)(3)(v); 7 CFR 273.18(e)(5)(v); 7 CFR 273.18(e)(6)(ii); 7 CFR 273.18(e)(7)(i); 7 CFR 273.18(f); 7 CFR 273.18(g)(4)(ii); 7 CFR 273.18(g)(6); 7 CFR 273.18(g)(8); 7 CFR 273.18(g)(9); 7 CFR 273.18(h)(4); 7 CFR 273.18(i); 7 CFR 273.18(k)(5); 7 CFR 273.18(n)(1)(i); 7 U.S.C. 2022(a)(1); U.S.D.A., Food and Nutrition Service letter WFS-100:FS-10-6-CA, dated October 7, 1991; Food and Nutrition Service Quarterly Reporting/Prospective Budgeting waiver approval dated April 1, 2003; P.L. 104-193, Sections 809 and 844 (Personal Responsibility and Work Opportunity Reconciliation Act of 1996) and Lomeli v. Saenz, Sacramento Superior Court, Case #98CS01747.

1. Amend Section 63-804 to read:
2. Post-Hearing: Amend Section 63-804 to read:

63-804 STATE HEARINGS (Continued)

63-804

.6 (Continued)

.62 Time Frame for Requesting Continuation of Benefits (Continued)

.623 Section 63-804.623(MR) shall become inoperative and Section 63-804.623(QR) shall become effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) A household provided a notice of action informing the household of a proposed change in benefits or of a termination of benefits for the nonsubmittal of a complete CA 7, shall file its request prior to the effective date of the termination of its benefits.

(QR) A household provided a notice of action informing the household of a proposed change in benefits or of a termination of benefits for the nonsubmittal of a complete QR 7, shall file its request prior to the effective date of the termination of its benefits. (Continued)

.64 Changes Pending the Hearing Decision

.641 Section 63-804.641(MR) shall become inoperative and Section 63-804.641(QR) shall become effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Any monthly reporting household whose benefits have been continued shall continue to file CA 7s until the end of its certification period.

(QR) Any QR household whose benefits have been continued shall continue to file QR 7s until the end of its certification period.

.642 (Continued)

(e) Section 63-804.642(e)(MR) shall become inoperative and Section 63-804.642(e)(QR) shall become effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) A monthly reporting household fails to provide required verification of items on the CA 7 resulting in a reduction or termination of benefits, unless this is the issue being

contested, and the household fails to file a request for a hearing and continuation of benefits after receiving the corresponding notice of action informing the household of a proposed change in benefits or of a termination of benefits for the nonsubmittal of a complete CA 7.

(QR) A QR household fails to provide required verification of items on the QR 7 resulting in a reduction or termination of benefits, unless this is the issue being contested, and the household fails to file a ~~request~~ request for a hearing and continuation of benefits after receiving the corresponding notice of action informing the household of a proposed change in benefits or of a termination of benefits for the nonsubmittal of a complete QR 7.

(f) Section 63-804.642(f)(MR) shall become inoperative and Section 63-804.642(f)(QR) shall become effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) A monthly reporting household fails to file a CA 7 or fails to file a complete CA 7 by the extended filing date, resulting in a termination of benefits. The household does not file a request for a hearing and continuation of benefits after receiving the corresponding notice of action informing them of a termination of benefits for the nonsubmittal of a complete CA 7.

(QR) A QR household fails to file a QR 7 or fails to file a complete QR 7 by the extended filing date, resulting in a termination of benefits. The household does not file a request for a hearing and continuation of benefits after receiving the corresponding notice of action informing them of a termination of benefits for the nonsubmittal of a complete QR 7.

Authority Cited: Sections 10554, 11265.1, .2 and .3, 18904, and 18910, Welfare and Institutions Code.

Reference: Sections 10554, 11265.1, .2, and .3, 18904, and 18910, Welfare and Institutions Code; 7 CFR 271.2; 7 CFR 273.18(e)(6); and Food and Nutrition Service Quarterly Reporting/Prospective Budgeting waiver approval dated April 1, 2003.